

THE WHITE HOUSE

Office of the Press Secretary

PRESS BRIEFING
BY
DAVID GERGEN

July 24, 1981

The Briefing Room

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PRESS BRIEFING

BY

DAVID GERGEN

The Briefing Room

July 24, 1981

12:40 P.M. EDT

MR. GERGEN: Good afternoon. I know there are several subjects that you all would like to discuss here this afternoon and it might be helpful -- let me just say, the question I had several times on telephone calls in the last 15 minutes is whether Bill Casey is resigning and I want to tell you he is not. I think that it might be helpful --

Q When? Not resigning when?

MR. GERGEN: There was a question about a statement that was in preparation at the CIA this morning -- was that in fact a resignation statement? The answer to that is no. I think if -- because some of you are on tight deadline and wanted to know the answer, we'll put that up front.

Listen, I know that you want to talk about the tax bill. I know that you want to talk about Bill Casey. I know that you want to talk about the Middle East.

Q Let's take Casey.

MR. GERGEN: And I'm happy to talk about all three matters, but what I would suggest is that when we deal with them, let's deal with them as a unit or a block and not be scattered back and forth. I think that would be just much more productive from everyone's point of view.

Q Great.

MR. GERGEN: Thank you, now, before we go down that line, let's just make sure we clear away the personnel announcements and so forth.

There is one personnel announcement and that's Michael Spaan to be U.S. Attorney for the District of Alaska.

The President's schedule. He is now in a luncheon with Prime Minister Muldoon. There will be departure statements at 1:40 with open press coverage -- I'm sorry, 1:20, open press coverage at the North Portico. For your background, he will depart for the Catlin Exhibit at the National Museum of American Art to tour that exhibit at approximately 3:00. And it's requested that the pool assemble in the press lobby no later than 2:40 p.m.

Q Will the pool get to walk around with him?

MR. GERGEN: I'm not in charge of those arrangements. Does anyone here know the answer to that question? Let's get it if we don't.

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MR. WEINBERG: The answer to the question is yes. The way it's going to work is he's going to -- the pool will not witness his arrival at the building. He will be going into a secured entrance underground, standard garage arrival. We will take the pool into a separate entrance and there will be some coverage of him during the exhibit.

MR. GERGEN: May I request that for the pool purposes, that that not be a running attempt to have a news conference with him. I think that everybody will be better off that --

Q Request received but just noted.

MR. GERGEN: Yes, I understand.

Q Speaking of a news conference -- (laughter) --

MR. GERGEN: Can we confer again about the pool arrangements before we go? (Laughter.)

Q How long will he be there?

MR. GERGEN: He will be seen at a distance of approximately 250 yards. (Laughter.)

Q With a yellow robe or blue?

MR. GERGEN: He will return to the White House at approximately 4:15 p.m. And the President will have dinner this evening with some personal friends in the Residence.

Now, for guidance --

Q Bill Casey?

MR. GERGEN: I don't believe so. (Laughter.) Robin was working on that. I think that -- is Robin nearby?

MR. WEINBERG: I can --

MR. GERGEN: Yes, do you want to --

MR. WEINBERG: The dinner -- Sylvester Stallone is going to be among those who are having dinner with the President and he will be --

Q Ex-neighbor?

MR. WEINBERG: That's right.

Q Will he see his new movie?

MR. WEINBERG: Yes, he will see his new movie, the name of which I don't know.

THE PRESS: Victory.

Q Tonight?

MR. WEINBERG: Yes, tonight. And there will be some others joining them for a private dinner so we will not have a guest list.

MR. GERGEN: This is in preparation for the tax debate.

Q Will you tell us if one the guests, seriously, is Casey?

MR. WEINBERG: To the best of my knowledge, he is not, from the list that I heard yesterday.

MR. GERGEN: Let's go on a bit, if we could.

Q What about Goldwater?

Q Are you ready to take questions --

MR. GERGEN: I'd like to go on to a couple more items and then we'll come back to it, all right?

For guidance, the President will depart for Camp David tomorrow at eleven o'clock in the morning. I expect that he will remain in Camp David during the weekend and we'll give you a time about the return.

Also, for your --

Q -- plan to go up with him?

MR. GERGEN: He may have one or two guests up there. As you know, Mrs. Reagan is not here and -- (laughter) -- I believe that for company the Bakers have been invited, the James A. Bakers have been invited and it may well be that the Deavers have been invited. But I can not tell you who else will be there for company.

Q Is that all?

MR. GERGEN: Yes, that's all that I'm aware of.
(Laughter.)

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MR. GERGEN: There will not be a Sam Donaldson pool. I can assure you that.

Q What can be worse, Rita Hayworth, who is now senile -- and Bo Derrick, who is not? (Laughter.)

MR. GERGEN: Secretary Regan will be here today at 2 o'clock in this room.

Q Four?

MR. GERGEN: Two o'clock.

Q For cameras?

MR. GERGEN: No, not for cameras.

To provide a briefing on the Hance-Conable Tax Bill. There will also be a paper outlining the Bill. There will be a press conference here at two o'clock.

Q Well, if it is a press conference, it's got to be for cameras.

Q Yes, let's have cameras.

MR. GERGEN: Well, the present plan is "not for cameras."

I was told that -- material I have here from Robin says 2 o'clock. If you want to confirm that, fine. Let's get it straight.

It is on the record.

Q Why not for cameras?

MR. GERGEN: We'll take that under due note, as you say.

Let's get into some other matters, come on.

Q Can we talk about immigration?

MR. GERGEN: Yes, great.

Q Why has immigration been postponed? Is it a matter of timing or substance?

MR. GERGEN: I think there are a number of considerations that are being taken into account. There is further consultation that is required. That's a matter of days before it goes forward. We're not far from announcing it --

Q What are you consulting on, what issues?

MR. GERGEN: I think I'd rather not go into that particular matter, but there is some consultation with the Hill, and there's some consultation inside the Administration that's still going forward.

Now, I do want to cover taxes but I'm happy to handle the Casey matter.

Q Can you start with Casey?

MR. GERGEN: Okay, fine.

Q Did Jim Baker call him -- call the Senator?

MR. GERGEN: I have a brief statement from the President this morning, following his event of the trip to the Hill. "We are cooperating fully with the Senate Committee, and my staff is following the matter closely. As I said earlier today, I have not changed my mind about Bill Casey."

Q That's hardly an endorsement.

Q I have not changed my mind --

MR. GERGEN: "I have not changed my mind about Bill Casey." While I'm not sure in what sense, I think the statement stands on its own.

Q Has the President spoken with Bill Casey today?

MR. GERGEN: No, the President has not spoken to Bill Casey today.

Q Why not?

Q Is the President determined to back Casey and keep him a CIA Director?

MR. GERGEN: I think that the President's statement stands on its own.

Q Which is not whether or not --

MR. GERGEN: That implies as he has said before, that he has full confidence in him.

Yes, sir?

Q When is the last time that the President had a conversation with Casey, to your knowledge?

MR. GERGEN: The difficulty in answering that question is he may have been over here for some national security meetings of one sort or another. I think that we'll have to check that for the record. He has not talked to him in the last 24 hours.

Q Has he called Casey during any last -- since he's got back from Ottawa let's say -- has he called him and talked to him and expressed confidence in him, asked him for more information -- anything?

MR. GERGEN: Not to my knowledge, but I will check that.

Q On what do you base your statement that he is not resigning?

MR. GERGEN: Larry and I had a conversation a little while ago with Lavan Storry --

MR. ALLIN: Strong.

MR. GERGEN: Strong? How do you spell it, Mort?

MR. ALLIN: S-T-R-O-N-G.

Q Who is that?

MR. GERGEN: He is a Public Affairs Officer over there and --

Q -- Herb Hetu.

MR. GERGEN: He replaced Herb Hetu, that's correct. And he provided us with the gist of what Mr. Casey was -- the statement that they're making available at the CIA today.

Q Do you expect Casey to survive, Dave?

MR. GERGEN: We have no reason to believe that he will not and our view is that fairness requires that the current Senate investigation be completed before judgments are reached.

Q Did Jim --

MR. GERGEN: I just read you the statement, of course, from the President that said he has --

Q Did James Baker talk to Senator Goldwater and/or other Senators about this matter? And what did they tell him?

MR. GERGEN: Yes. And can we clarify one thing, Sam? The question arose about what the President said up on the Hill today about whether he said that "I have not changed my mind about Bill Casey" and there were some people who stood there and understood him to say "I'll be talking to the Senators today" and there were others who understood him to say "We'll be talking to the Senators today." The tapes are frankly inaudible in that particular point. I've asked him about it. His recollection was that he said, "We'll be talking to the Senators today."

Q Does that mean that he will not be?

MR. GERGEN: He has not been.

MORE

Q Will he?

MR. GERGEN: O.K., but let me -- let's go on to this.

Q But will he be? I mean, would you please answer the question?

MR. GERGEN: There are no current plans for him to talk to any Senators today about the matter. And I have no reason to believe that that will change.

Q What about members of the staff?

Q Did Baker talk to --

MR. GERGEN: Yes. Jim Baker has talked -- called two Senators. Senators Goldwater and Baker. He has received calls from a couple of other Senators, and I have no doubt there may be others who will come in during the day. These are people who are calling in to talk about the matter.

He also received --

Q What is his recommendation, or what is his --

MR. GERGEN: Well, we were just talking about what had been said. There was some confusion about what Senator Baker said this morning. I think that Senator Baker has made it clear to Jim Baker that he did not call for Mr. Casey's resignation, that he simply said that he was -- that he would trust and would back whatever Senator Goldwater's group -- committee thought ought to be done.

Q That's Howard Baker?

MR. GERGEN: That's Howard Baker's conversation with Jim Baker. That's correct.

Q You were in the middle of saying that Jim Baker has received calls --

MR. GERGEN: That he has received calls from a couple of other Senators.

Q And you said that he has also received --

MR. GERGEN: He has also received a call from Bill Casey. And Bill called him to talk about the statement that was going to be issued from the CIA today.

Q Was that this morning?

MR. GERGEN: Yes, he called him this morning.

Q Was that satisfactory to Jim Baker? The statement which has been issued by Casey?

MR. GERGEN: Yes, he said he had no -- as the statement went forward, I think that's self-evident.

Q Well, how would you characterize, David, the reports that Jim Baker is getting from the Hill on how much support there is up there for Casey?

count, nor are we engaged in a lobbying effort. We believe that what we're trying to do is to fully cooperate with the processes going forward. And as I have said before, we believe that investigation should be completed before judgements are reached. We think it is premature to reach judgements today.

Q So you are leaving it open until a final --

MR. GERGEN: I think it is clear, from everything we've said, that we've seen nothing so far.

Q Your statement would seem to suggest though, that you are going to place some weight on the judgements that the Senate committee finally reaches.

Q Essentially, aren't you saying --

Q Could we have --

MR. GERGEN: No, he is not on trial.

Q Could you respond -- I mean are you planning --

MR. GERGEN: No, I think that everyone recognizes that the conclusions of that committee may effect the climate on the Hill, and it may effect the climate elsewhere. But, I think that we feel that it is premature to make judgements about it now.

The President has expressed his full confidence in him on several occasions. He has said today that he sees no reason to change his mind about him.

Q But, if you are not engaged in a lobbying effort, that this just -- there may be some valid --

MR. GERGEN: We are trying not to interfere with the process. We believe the process should go forward, and we would hope there would be an orderly process, and we simply believe fairness requires that that process be completed before judgements are reached.

Q Such processes have a way of going on and on for a while. Do you anticipate --

MR. GERGEN: I think the informal understanding on that is that this is likely to be wound up in a matter of days. We're not, obviously, we're not directing that process. I don't think that time frame is not one week-end.

Q Will it be next week, one way or another, do you think?

MR. GERGEN: I think as -- there is a sense that it is going to be in there sometime next week.

Q Will the claim that was laid out here tentatively the other day of the Privacy Act being, perhaps, a potential bar to the turning over of documents, or a claim of executive privilege. Will either of these be used if the Senate asks for documents?

MR. GERGEN: I'd like to see if there -- I'd like to get an answer for that on -- on that. I was out of town when that particular statement was made. I have not had time to really find out how the privacy act and other -- and why the Freedom of Information -- how those might apply, or how the Privacy Act and executive privilege might apply. I'd like to be able to respond to that more fully.

I'll get that information for you today.

Q To what does the White House attribute all this new fire to force him to resign? I mean, you're not basing it, apparently on the investigation per se, or Goldwater is when he's talking about "the second man who had to go" and so forth?

MR. GERGEN: I think we're not trying to draw judgements on the Hill.

Q Why do you think it is building up?

MR GERGEN: I think it is better for us not to speculate on that.

Q Would the President be influenced by any decision that the Senate committee reaches?

MR. GERGEN: I think this President would obviously be interested in any --

Q Influenced?

MR. GERGEN: I think we'll have to wait and see. I think the point is right now, we're in a situation where we have to wait and see. The President has expressed his view on the matter, there is nothing so far that he believes should -- has come to light which would change that view of him. And that's essentially where we are.

Q David, does the White House remain convinced that Mr. Casey did not lie, or misrepresent anything in his disclosure forms that he gave to Fred Fielding?

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MR. GERGEN: To my knowledge, that is correct. The White House has no reason to believe that there was any dishonesty in the reporting. I haven't examined every document.

Q Are you speaking up-to-the-minute on this?

MR. GERGEN: If Mr. Fielding is around, I think we'll see if we can fetch him and see if there's any reason to believe that, okay?

Q Can you get back on this?

MR. GERGEN: If he's around. I know of no reason to believe otherwise.

Q David, did other Senators besides Goldwater and Roth suggest to Jim Baker that Casey should step down?

MR. GERGEN: No.

Q Did he talk to Roth today, Baker --

MR. GERGEN: As of noon, he had not.

Q What did Goldwater tell Jim Baker?

MR. GERGEN: I think he just talked about -- I'd rather not get into the privacy of those conversations. I think he did not tell him anything which was very different from what he had said in his public statements.

Q Did Baker try to change his mind?

MR. GERGEN: No, we are not engaged in a lobbying effort. We are engaged in an effort to try to be as helpful as possible and to ask people to withhold judgements.

Q Did Baker ask for assurances that it would move quickly? You say he got --

MR. GERGEN: Not to my knowledge. I think we have a full sense that it is moving quickly.

Q Well, do you think that Goldwater is unfair to base a call for resignation on Hugel alone?

MR. GERGEN: We're not specifically directing our comments to that. We are simply stating what our view is.

I do have some guidance here on the executive privilege and privacy. I'm told here that the Privacy Act only comes into play when those who have provided information to the FBI have requested that their names not be made public. This information would appear on the raw FBI files and the names of those persons would be deleted before the raw files were made available to the Senate Committee. In other words, this applies to people who provide information to the FBI about an individual who is under consideration for a post, and if they don't give their -- if they want to remain anonymous, then obviously that information does not go forward. On executive privilege --

Q Are you saying it doesn't apply here? Is that what you're saying?

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MR. GERGEN: I think what this -- the way I would read this very clearly is that this applies to those who have provided information to the FBI with regard to any nominee, including Mr. Casey and therefore it would apply in that sense.

With regard to executive privilege, I think it's been made clear that would be considered on a case-by-case basis. That would be applied on a case-by-case basis. In either case, the administration's cooperating fully.

Q It wouldn't apply in this case?

MR. GERGEN: I'm not aware and I think, Larry, you -- it hasn't come up, so far, to my knowledge.

Q I'm asking what your policy would be if it comes up in this case?

MR. GERGEN: And I think that Mr. Casey has made clear in his statement that there are a number of questions that were raised --

Q Like all such statements, he pledges to cooperate on his grounds.

MR. GERGEN: I'm not aware that the committee chairman has indicated any problem in this area. So I don't think it's really come up. But I think Mr. Casey's statement indicates that he's received about four pages of questions and that they've been working on the answers and the material requested is scheduled to be delivered by Monday, July 27th. A number of documents have already been submitted.

Q Are you reserving the right to invoke executive privilege?

MR. GERGEN: It's not something that's come up here. That's the point.

Q No, it hasn't come up. But your answer doesn't -- when you say it's going to be done on a case-by-case basis. This is a case. I mean, is this a case where you would use it or --

MR. GERGEN: We have not invoked it. The question hasn't arisen. I suppose if something came up which would raise the issue of executive privilege, we would consider it at the time. We've never had to consider it. I mean, I don't know why, it seems to me sort of a red herring in this case to be honest with you.

Q Lou stated it correctly. No one's said you tried to invoke it. We don't want to know what your policy is because of past experience in this town with similar investigations.

Q You said you're cooperating fully --

MR. GERGEN: We are cooperating fully.

Q That's unfair to Lou's question, David, to suggest that's a red herring to raise that question.

MR. GERGEN: Withdrawn.

Q It pretty much goes to the heart of --

MR. GERGEN: But I think this --

Q -- indicated you are reserving that right.

MR. GERGEN: That right is reserved always, I mean, this case, any case, that if a question comes up that involves the issue of executive privilege, you take a look at it at the time. What I'm trying to indicate, and I withdraw the red herring comment, but I am trying to indicate that there's no particular reason to dwell on the question of executive privilege when, in fact, the question has not come up nor have we considered it. We are simply stating our policy. That's all I'm trying to imply.

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Q Is the President aware of all of the --

MR. GERGEN: Yes, he is.

Q What was the question?

MR. GERGEN: The question is; is the President aware of it, and --

Q Is he trying to put some distance between himself and Casey?

MR. GERGEN: No, I think that he's simply -- Jim Baker has been actively monitoring this matter and has been keeping the President fully informed. As you know there are a number of issues the President has been addressing here in the last several days and this happens to be one of them that one of his advisors is following closely.

Yes?

Q How much would you say that he is spending on this debate?

MR. GERGEN: Not very much.

Q When did the President find out about Goldwater's plans to announce or his announcement? And when did Jim Baker find out?

Q And when did he know it?

MR. GERGEN: Well, I think that this first -- of course, as you all know, there was a story that broke on CBS last night, about 6:30, 7 o'clock, and I believe that the Senator had his press conference last night following that event. And I think that's the first time that people were aware here. I can speak, I think, with some degree of authority on that. I don't anybody here knew that there was going to be such a CBS report after that came -- there may have been. We didn't know much about it, I'll tell you that.

Q Well, that's because you don't return your phone calls sometimes.

MR. GERGEN: We try to return as many as we can.

Q When -- did the President watch the CBS report and then was --

MR. GERGEN: I'm not aware of him watching the CBS -- he may or may not have.

Q -- of Jim Baker knowing several days before of this?

MR. GERGEN: I'm not aware that he watched it, nor am I certain whether anyone talked to him last night about the matter. He obviously was informed about the -- there was a discussion with him this morning obviously, but I'm not aware whether there was any discussion with him last night.

Q Is there any harm being done to the CIA in the opinion of the responsible officials here, by the fact that Casey is at least under a cloud and that this investigation is proceeding. How is the intelligence apparatus performing?

Strong that it's business as usual out there. That's the attitude that they're taking, and they feel --

Q Of course you would say that.

MR. GERGEN: I think he feels that's the case, Sam. Obviously we do believe, it's in everyone's interest, that this matter be wrapped up and in a fairly short period of time.

Q Do you happen to know if any of the CIA apparatus, like Mr. Sporkin, is helping Mr. Casey prepare what amounts to a defense of his position?

MR. GERGEN: I think that type of question is probably better directed to Mr. Strong, for Mr. Sporkin. I do know that he was involved at the time the Hugel issue arose. I do not know what his involvement has been subsequent to that. I talked to him a couple of times during Ugalt, during the time we were discussing Hugel here.

Yes, Lou?

Q I don't know if they told you that they used the word "business as usual" just before Hugel too, but that isn't my question. The question is: when LeFever was before the Senate, you -- the White House gave a very ringing defense of him from this podium shortly before he stepped down, and I believe the President talked to him. And while you say you're trying to distance yourself, this seems, just listening to it, it seems like you've put a pretty good distance between the White House and Casey. And if the President's view is unchanged, why doesn't he call him up and say, "Bill, you're my guy," or whatever he'd say?

MR. GERGEN: I know of nothing that I have said or we have tried to imply that would say that we were trying to put distance between ourselves. The President has expressed repeatedly what his view is of Mr. Casey. He is by his statement today, obviously the -- implicitly in that is a restatement of that same view. We are cooperating with the process. It's not an interpretation that we're placing on it, that we mean to place on it, nor is it an interpretation that we mean to convey. That's all I can --

Q Let's see if we can go at Lou's question in another way.

MR. GERGEN: Sure.

Q It just seems to me that when you're saying that you're cooperating fully; you're going to give the Senate everything, you're going to practically leave it up to that committee to figure this one out, that you're going to leave it up to Casey, in a sense stand back and if Casey can defend himself properly, quickly enough and the hearings that would be over quickly enough, that would be up to him and that committee. That seems to me what you're saying. That Casey is not going to --

MR. GERGEN: No, I don't think that's the case. I think that the President said, "Look," -- that he's been saying all along, "I have confidence this man is the man I appointed because I believed that he would do the best job out there," and he believes he has done a good job.

The President's view is firm. There are some others who have raised questions about him. And the President said, "Look, do you have questions? We have a process here which will enable us

to resolve those questions. Before you reach judgment about this why don't we let those questions be resolved? I don't find that, in my way of thinking, and I am sure there are a lot of different ways to look at the facts, but our interpretation of that is not that we mean, and we're not trying to convey the impression that we're trying to put any distance in. Here's the President's position. There are others raising questions about this and we are trying to cooperate with the process to enable these people to put their doubts to rest, or to answer their questions and put their doubts to rest, and we're cooperating fully with that process.

Q But you're leaving it open-ended. I mean you're leaving yourselves the option of when this process is completed, of rethinking, of reconsidering, the President's position.

MR. GERGEN: We know of nothing now which would lead to that.

Q You do want to put those doubts to rest quickly, don't you?

MR. GERGEN: I think it's in everyone's interest to, as I said earlier, to wrap this matter up, for a variety of reasons.

Q Why isn't the President himself making any calls at all? Why isn't he speaking to Goldwater and why isn't he speaking to Casey?

MR. GERGEN: I don't think he's felt it necessary.

Q His man is under a lot of heat and a lot of pressure.

MR. GERGEN: He's made two public statements today supporting his man.

Q I'm asking why he isn't calling him himself and putting the imprimatur of his office on this whole thing by calling the Senate. What's the reasoning in his not being personally involved in the phone calling that's going on?

MR. GERGEN: I haven't asked him that precise question. My assumption is that he feels it's being very competently handled and well handled in the manner it's being handled, namely, by Mr. Baker. I think his relationship with Mr. Casey is close enough and has gone back to the extent that he probably doesn't feel that that is critical or necessary. If he does feel it's necessary, I'm sure he'll do it.

Q Would the President be willing to be quoted again as saying today, "I have full confidence in Bill Casey"?

MR. GERGEN: He's issued a statement and he's said it twice today and I think implicit in that statement, of course, is the idea that he has full confidence.

Q Has there been any mail count or telegrams from the public around the country? What kind of response did you get here?

MR. GERGEN: I'm not aware of that. I haven't heard of anything inside. There have been no sort of ripples about that. There may have been some mail about it.

Q Would you check that?

MR. GERGEN: We will check it. I'm not sure we're going to get into a numbers game, but I'll give you some sense of what's going on. I'll be happy to do that.

Q Did Jim Baker ask any of the senators to see if they could expedite this or do it as quickly as possible?

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MR. GERGEN: Not to my knowledge. No, I think it was conveyed to him that the thing was moving along, Steve. I think that was the point.

Q Do you expect this to be resolved before the recess?

MR. GERGEN: It's our expectation that the committee work will be resolved before the recess and, implicit in that is the idea that the matter will be resolved.

Q Did Mr. Baker ask any of the senators to expedite the hearings?

MR. GERGEN: No, I don't think he did. I was trying to respond to that. It's my understanding that he was told that the matter was coming to a close. There was a lot of information that was still -- Mr. Casey himself said he was going to be providing a fair amount of information. I don't know how long -- we can't say -- we don't control that staff. We can't say how long it's going to take to process all the information.

Q The White House hasn't asked them to move it along?

MR. GERGEN: No, we are not. We are intentionally and very carefully trying not to interfere with the process. We are -- our position is one of cooperation.

Q But you say Mr. Baker has been told the matter is coming to a close?

MR. GERGEN: He's been told the matter is moving along and it's likely that the Senate Committee will probably finish its work in a matter of days. That's correct.

Q Why did you say that even though you're leaving this entire matter in the hands of the Committee --

MR. GERGEN: We are not leaving this entire matter in the hands of the Committee. In a sense we are leaving the question of going through these issues in the hands of the Committee. That's correct.

Q You can't say that the President will be influenced by the outcome of this study?

MR. GERGEN: I said we had no doubt that the outcome of this study, or this work that is now going forward -- yes, sir.

Q No doubt that what?

MR. GERGEN: It is our full belief that this investigation that's now underway will, of course, influence the climate on Capitol Hill. We believe that it's going to be helpful to conclude that process fairly soon.

Q What will the President's view be?

MR. GERGEN: I think he'd be interested, of course, if there's anything new, any new developments. Of course, he's going to be interested in that. Based on what he knows now, this has been fairly extensive already.

Q Did Jim Baker urge Mr. Casey to aggressively fight these charges and did he offer White House support in this fight?

MR. GERGEN: I haven't asked him that specific question. I don't know the answer to it.

Q You said that it's your intention to leave the sifting through of these issues up to the Committee.

MR. GERGEN: That's correct.

Q Does that mean that Fred Fielding or no one else here is sifting through these issues and looking at the stuff that the Committee is coming up with? You're going to wait completely until they --

MR. GERGEN: I'm not exactly sure. I think that's a good question, Steve. I'm not exactly sure now much. I think most of that is going forward over there within Mr. Casey's own staff. I don't know -- we can find out what -- I think Fred has been monitoring it but I'm not aware of him sort of going through documents.

As you know, he went through the two court decisions that were asked about. I guess it was in the New York decision and the New Orleans decision.

Q In other words, as the Committee compiles information, documents --

MR. GERGEN: Fred has not been shuttling back and forth to the Hill on that.

Q They're not sharing their stuff with you?

MR. GERGEN: We'll have to take that question. I don't know that.

Let me say this: There are two or three questions that we've taken here on this. I'd rather not get back into an extended discussion but I think when Don Regan comes back over here at 2:00 o'clock we might be able to deal with a couple of these questions, if we can get the answers to them by then. We'll try to give it to you.

Q Middle East?

MR. GERGEN: Fine. I think you should know that the President this morning did send a telegram to Ambassador Habib, or a wire, a flash wire. I'll give you the text. It's very brief. I'll just read it here, if I could.

Quote, "We all applaud your consummate skill and tireless efforts on behalf of peace. You have my deep appreciation and admiration. Well done. Ronald Reagan."

Q Did he send any other telegrams?

MR. GERGEN: No, the President has been, in this instance, following the matter closely through Secretary Haig. He had a number of conversations with the Secretary yesterday and this morning. Yesterday during the day and last evening, and this morning.

Q Any messages to Begin from either Haig or the President?

MR. GERGEN: I'm not aware of any. I think that their messages have been going through -- the Secretary has been communicating with the Ambassador.

Q What about the F-16s, David?

MR. GERGEN: We believe that right now it's -- what is the question? What's the status on the F-16s?

Q Are you going to release them?

MR. GERGEN: Yes, basically our view on that is that Secretary Haig, as you know, was on I guess it was CBS this morning, wasn't it, and I think he addressed that matter then and indicated that the President has not made a decision with regard to the F-16s. We believe it's premature to really talk about that matter today. The timing of his decision will be influenced by the general climate in the region.

THE WHITE HOUSE

Office of the Press Secretary

PRESS BRIEFING
BY
DAVID GERGEN

July 24, 1981

The Briefing Room

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Q If the vote is delayed will he delay the speech on Thursday?

MR. GERGEN: There are no plans to do that. He now plans to go there and I think it's his intention to go there on Thursday.

Q Can we ask you some Casey questions?

MR. GERGEN: Yes. I had a couple of quick follow-ups on questions that we took earlier in this long day. Let me give those.

Q Let me ask what time in Atlanta?

MR. GERGEN: I don't have full details on that. I'm sure we'll have them, Larry or I or someone here will have them and give them to you. I think it probably is going to be at the same time, for planning purposes.

There are three questions that came up that I think we took here and I'll try to go down them very briefly. One is the mail and the mail is negligible with regard to Mr. Casey.

Secondly, the question of Mr. Fielding's involvement: Fred and I have had an opportunity for a conversation. It wasn't as long as either of us would have liked. He was in a car. He is --

Q Going to the CIA?

MR. GERGEN: No.

Q On his way back?

MR. GERGEN: He was on his way here.

Q From the CIA?

MR. GERGEN: I have no idea where he was. I think he was on the Hill. I hope he was having a pleasant lunch.

Fred is involved with monitoring the information that is going forward to the Senate Committee.

Essentially, the White House is part of the -- because this involves a presidential appointee, the White House is participating in the effort to provide this information and to ensure that there's full cooperation. So he's working with Mr. Sporkin and others at the Agency. I believe that the Justice Department is also involved. I don't know to what extent. But our role is one of responding to the request for information.

Q In other words, everything that will be given to the Committee, Fred will have had a chance to see?

MR. GERGEN: I believe that is correct.

Q So the White House is not conducting its own investigation?

MR. GERGEN: The White House is not conducting an investigation of its own. I'll make that very clear.

Q Why not?

MR. GERGEN: Because, obviously, no one has felt the need to do so. I want to come back to the point that the President does feel strongly about Mr. Casey and his support of him. I want to clear up any misunderstandings that may have arisen in our earlier discussions here today.

Q Did you just get that recently? You seemed to be a little vaguer before. Not "vaguer" but less strong.

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MR. GERGEN: Some of the questions that came out of your earlier session, I went back and had a conversation with Jim Baker.

Q What did he say?

MR. GERGEN: I talked with Jim Baker and said, "Look, I don't want to leave this interpretation," and he said, "You should feel comfortable in saying, 'The President feels very strongly about this man'".

Q In your conversation with Fielding, did you get any sense of how the papers are being brought up or when it's going to -- my understanding is that Casey is going to take some more papers up there on Monday and that is going to be it.

MR. GERGEN: He didn't lead me to believe anything on that. There was a question about his reaction to what he had seen, which was a third question. I said I would try to respond to that. And his comment back to me was, "In our view of material, nothing has come to light which has changed our original evaluation of the situation."

Q That's Fred Fielding?

MR. GERGEN: Yes.

Q And we can quote him on that?

MR. GERGEN: Yes.

Q Can I ask you something about the Casey statement that was released today? You said that he had talked to Jim Baker about the statement. Can you tell us about what time and how was -- did Casey just say, "This is the statement I'm going to give," or was it much more consultative? How did that go?

MR. GERGEN: I think he really was more informative. That was my understanding of the conversation and I would estimate, Lesley, that that came after 10:00 o'clock simply because Jim was on the Hill and I'm not aware of him having a conversation prior to that time.

Q In other words, Casey made the decision to fight and informed the White House, as opposed to the White House, and Casey decided together that he should fight?

MR. GERGEN: I just explained to you that the President feels strongly about him.

Q Can I have an answer to that? You're saying that Casey decided on his own to fight this and wrote out a statement and called and informed the White House, or the decision that he should fight was sort of mutually come to?

MR. GERGEN: I think that -- well, we're very comfortable with what he has said and what he has done. We're very comfortable with what he's sent up to the Hill.

Q My question was, was the decision to fight mutually arrived at or did Casey make the decision, inform the White House, and the White House said, "Yes, fine"?

MR. GERGEN: I think you have to understand the context in which Mr. Casey has been working, and that is that he understands that the President has made many expressions of support for him. It wasn't as if we had to urge him on or anything like that. It was simply that he was in that position and he is -- and we are cooperating with him and with the Senate Committee on the submission of materials.

Q Is Bill Casey in the building now or was he here earlier?

MR. GERGEN: There were reports about that and it's my understanding -- I don't think anybody has -- for his

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whereabouts on an hour-to-hour basis. It is my understanding that he is -- there is an office which Mr. Casey has had since the beginning of the administration in the Executive Office Building, and it's my understanding that he was visiting that office earlier this afternoon. I'm not aware of him being in the White House, per se, the White House West Wing.

Q Was he meeting with White House officials in that office?

MR. GERGEN: Not to my knowledge. It's my sense that he was not. I cannot guarantee -- I don't know who he was meeting with.

Q Is he still here?

Q How long did the meeting last --

MR. GERGEN: I really don't know. This was 30 minutes ago.

Q I want to get back to a clarification of Lesley's question. If Mr. Fielding is looking at the documents as they are basically made available to the Senate Committee, is it conceivable that, with his knowledge of what the Senator sees, that could have been a part of the decision made by Mr. Casey or in consultation with people at the White House, to fight, to continue the fight? That is basically what we're asking. If Mr. Fielding finds there's nothing in the documents to cause Mr. Casey any problems, then the White House and Mr. Casey go forward with the fight, is that the scenario we're looking at?

MR. GERGEN: I'm not sure we've described this as a fight. Mr. Casey has been asked and we have been asked as a government to provide information with regard to events of the past. That effort is going forward. We're doing everything we can to be cooperative. I don't understand what the thrust of the question is.

Q The thrust of the question is whether or not the documents the Senate Committee is seeing, whether or not whatever is leading Senator Goldwater and others to call for the man's resignation, are also being viewed by the White House officials and found perhaps not to support a resignation or at least found not to force a resignation?

MR. GERGEN: The materials that have gone forward to the Committee, Mr. Fielding has reviewed those materials and his conclusion is that there is nothing there which would support a resignation, that it has not changed his original evaluation. As you will recall from earlier briefings here, Mr. Fielding looked at the records and so forth before the nomination went forward and he made an evaluation that the nomination should go forward, and what he has said is, "Look, I've looked at these additional materials. There are a lot of questions being asked. We're responding to those. I've looked at these additional materials and there's nothing that has come to light in these additional materials which has changed my original evaluation." That's where we are.

Q David, when you were briefing a while ago you seemed to be leaving the question open until there was a finding by the Senate Committee and you said the White House, I think you said, would be very interested to see what that was. Now you seem to be saying that based on what Fielding has seen, that no matter what the Senate Committee says, that the White House doesn't see anything wrong with it.

MR. GERGEN: What I tried to say before was that the President had expressed full confidence and said he had no reason to change his mind on the statements he made today.

Others have raised questions. We're trying to respond to those questions and what we've -- the information we've seen go

forward does not change our own evaluation. We've been here all along. We're not harboring doubts. We're not in the position of harboring doubts about this. Others have raised questions and those questions are being answered. Now, I also said, "Of course". When that report comes out, everyone's going to be interested in knowing what it says. And I don't think there is any -- there should be no illusions about that. We'd be foolish to deny that.

Q But, you seem to be -- a minute ago, very close to saying that Fielding is convinced -- that he's actually convinced there's nothing wrong, having looked at the same material?

MR. GERGEN: No, he said that in his review, that the documents have gone forward. Now we've also said that there are additional documents to go forward. But he has looked at the documents that have gone forward, and said that there is nothing there that would change his original evaluation of it, in his view.

Q Any more from him, or anyone, on when you think this will be -- affair is going to be completed? I mean, when the documents are going to be all forwarded? When the Senate committee is going to act?

MR. GERGEN: We, of course, do not control the course of the investigation. I mean, that's not something that we can set time frames on. We have been led to believe that it is a matter of days. We trust that the Senate will show its normal good judgement and proceed.

Q The Wilderness Society has called for the resignation of Secretary Watt.

MR. GERGEN: Can that be in tomorrow's briefing?

Q Does the President have absolute confidence in Secretary Watt?

MR. GERGEN: I'll lay odds on that, I'm sure. Where have we been with all of this? I mean -- that's last week's news.

Q No, it's today again.

MR. GERGEN: Is this the Wilderness Society, or is this a new one?

Q It's a new one.

MR. GERGEN: I haven't seen this latest one, but I -- give me a break. What time is it?

Q Will you be here tomorrow?

MR. GERGEN: I was planning to. I think I just changed my plans.

Q What time?

Q Can we go over more on taxes or something?

MR. GERGEN: No, we've covered the tax issue. I think you've got a full version.

Q What time?

MR. GERGEN: Well, I tell you the truth, I'd like to watch one of my kids swim tomorrow morning until about 11:00, and it maybe the middle of the afternoon before I come in, alright? Sometime early afternoon.

I sincerely regret that Senator Goldwater was provided with inaccurate information which was reflected in his statement yesterday.

Several days ago the staff of the SSCI submitted four pages of questions and numerous materials regarding Mr. Hugel and the circumstances concerning an investment I made over ten years ago in Multiponics, Inc. We have worked long hours to provide answers to those questions and to provide the necessary materials. The material requested is scheduled to be delivered by Monday, 27 July. A number of documents have already been submitted.

We are cooperating in every way with the Committee and with the staff and will continue to do so should additional questions be raised.

The allegation that I made \$750,000 from my investment in Multiponics is absolutely false. In fact I lost my investment and materials being submitted will substantiate that fact.

I believe that the materials which will be provided the Committee next Monday will lay this entire controversy to rest. I look forward to a continued close and productive relationship with Senator Goldwater and with all other members of the Senate and House Select Committees on Intelligence as we work together in the months ahead to strengthen this country's intelligence capabilities.

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WHITE HOUSE OFFICIALS SAY CASEY MIGHT HAVE TO RESIG.

4BY STEVEN R. WEISMAN

4C. 1981 N.Y. TIMES NEWS SERVICE

WASHINGTON - WHITE HOUSE OFFICIALS SAID SATURDAY THAT REPUBLICANS ON THE SENATE INTELLIGENCE COMMITTEE SEEMED TO HAVE SUCH STRONG "PERSONAL" OBJECTIONS TO THE FITNESS AND JUDGMENT OF WILLIAM J. CASEY THAT CASEY MIGHT HAVE TO RESIGN AS DIRECTOR OF CENTRAL INTELLIGENCE.

BUT THESE OFFICIALS SAID THAT PRESIDENT REAGAN CONTINUED TO BACK CASEY IN HIS EFFORT TO REMAIN ON THE JOB AMID SUGGESTIONS FROM SEVERAL REPUBLICANS ON THE INTELLIGENCE PANEL THAT HE RESIGN. THEY SAID THE PRESIDENT FELT THAT THE ALLEGATIONS OF PAST FINANCIAL MISCONDUCT DIRECTED AT CASEY WERE OF A "TECHNICAL" NATURE THAT DID NOT WARRANT CASEY HAVING TO LEAVE HIS POST.

AT A NEWS BRIEFING SATURDAY AFTERNOON, DAVID R. GERGEN, THE SENIOR WHITE HOUSE SPOKESMAN, SAID THAT FRED F. FIELDING, THE WHITE HOUSE COUNSEL, CONTINUED TO FEEL THAT NOTHING THAT HAD COME TO LIGHT RELATING TO CASEY'S FINANCIAL DEALINGS CAUSED HIM TO FEEL THAT CASEY HAD BEEN LESS THAN FORTHCOMING WITH THE SENATE INTELLIGENCE COMMITTEE, THE WHITE HOUSE OR ANYONE ELSE.

SPECIFICALLY, GERGEN QUOTED FIELDING AS SAYING THAT A REPORT IN THE NEW YORK TIMES SATURDAY THAT CASEY HAD FAILED TO DISCLOSE STOCK HOLDINGS IN ONE CORPORATION, AND THE RECEIPT AS A GIFT OF A \$10,000 INTEREST IN ANOTHER BUSINESS VENTURE, "IS NOT A MATTER OF GREAT CONCERN HERE."

"HE REGARDS IT AS A MINOR OMISSION," GERGEN SAID, REFERRING TO FIELDING'S ASSESSMENT OF CASEY'S FAILURE TO DISCLOSE BOTH MATTERS.

HOWEVER, WHITE HOUSE SOURCES SAID FIELDING PLANNED TO BE IN CONTINUOUS TOUCH WITH BOTH CASEY AND THE COUNSEL FOR THE CENTRAL INTELLIGENCE AGENCY, STANLEY SPORKIN, ON THE VARIOUS ALLEGATIONS OF FINANCIAL MISCONDUCT.

"WE CAN'T AFFORD NOT TO BUTT DOWN EVERY LITTLE DETAIL OR CONTRADICTION," ONE OFFICIAL SAID. *CONTINUED*

THIS OFFICIALS WERE NOT AWARE OF THE REASONS WHY CASEY'S ALLEGATIONS TO
 REAGAN HAD, HOWEVER, COME TO THINK THAT THE OBJECTIONS OF VARIOUS
 MEMBERS OF THE SENATE INTELLIGENCE COMMITTEE WERE "PERSONAL" IN
 NATURE, HAVING VIRTUALLY NOTHING TO DO WITH THE FINANCIAL ALLEGATIONS. 2-

THEY EXPRESSED FEELINGS OF FRUSTRATION AND EVEN PUZZLEMENT THAT SUCH
 NORMALLY STALWART REPUBLICAN ALLIES OF REAGAN AS SENS. BARRY
 GOLDWATER OF ARIZONA; TED STEVENS OF ALASKA AND WILLIAM ROTH OF
 DELAWARE HAD ASKED FOR CASEY'S RESIGNATION.

GERGEN MAINTAINED SATURDAY THAT AT LEAST THREE SENATORS HAD IN THE
 LAST 24 HOURS REASSURED THE WHITE HOUSE THAT THEY WOULD NOT
 "PREJUDGE" CASEY UNTIL THE STAFF OF THE COMMITTEE HAD SIFTED
 THROUGH THE ALLEGATIONS AGAINST HIM.

"OVER THE COURSE OF THE LAST 24 HOURS, SEVERAL SENATORS HAVE
 INDICATED TO THE WHITE HOUSE THAT THEY WILL NOT RUSH TO JUDGMENT WITH
 REGARD TO MR. CASEY OUT OF FAIRNESS TO HIM," GERGEN SAID. "THEY
 BELIEVE IT IS IMPORTANT TO WITHHOLD JUDGMENT UNTIL ALL THE FACTS ARE
 IN. THIS IS PRECISELY WHAT WE HOPED THE MEMBERS OF THE SENATE WOULD
 DO."

BUT PRIVATELY, WHITE HOUSE OFFICIALS ACKNOWLEDGED THEY HAD BECOME
 ALARMED BY WHAT THEY REGARDED AS A VIRTUAL COLLAPSE OF SUPPORT FOR
 CASEY AMONG THEIR NORMAL ALLIES.

THESE OFFICIALS SAID IT APPEARED THAT THE REPUBLICANS HAD APPARENTLY
 DEVELOPED SUCH DEEP-SEATED OBJECTIONS TO CASEY THAT THEIR FEELINGS
 MIGHT NOT BE ERASED EVEN IF CASEY WERE CLEARED OF VIOLATIONS BY THE
 INTELLIGENCE COMMITTEE INVESTIGATION.

SEVERAL OFFICIALS SPECULATED THAT CASEY SIMPLY HAD NEVER DEVELOPED
 MUCH SUPPORT IN THE COMMITTEE; AND THAT THE "OLD BOY NETWORK" IN
 WHAT IS KNOWN AS THE "INTELLIGENCE COMMUNITY" IN WASHINGTON -
 CONSISTING OF INTELLIGENCE SPECIALISTS AND ALUMNI - HAD GONE WITH
 THEIR OWN MISGIVINGS ON CASEY'S FITNESS TO THE MEMBERS OF THE COMMITTEE. *CONTINUED*

THE FOCUS FOR THESE MISGIVINGS IS ATTRIBUTED BY THE WHITE HOUSE TO CASEY'S SELECTION OF MAX HUGEL AS DIRECTOR OF COVERT OPERATIONS. HUGEL RESIGNED 11 DAYS AGO AMID ALLEGATIONS OF FINANCIAL MISCONDUCT OF HIS OWN. MEMBERS OF THE INTELLIGENCE COMMUNITY WITH TIES TO MEMBERS OF THE SENATE INTELLIGENCE PANEL ARE SEEN BY THE WHITE HOUSE TO HAVE GONE TO THE SENATORS WITH THEIR STRONG FEELING THAT CASEY'S JUDGMENT IN THE HUGEL MATTER HAD BEEN POOR.

SOME WHITE HOUSE OFFICIALS SAID THAT MEMBERS OF THE SENATE PANEL HAD ALWAYS FAVORED SOMEONE ELSE FOR THE CIA DIRECTORSHIP - NAMELY SEN. BOBBY RAY INGRAM, WHO IS NOW DEPUTY DIRECTOR UNDER CASEY - AND THAT CASEY'S SELECTION DID NOT "OVERJOY" THE SENATORS.

ONE OFFICIAL SAID THE SENATORS SEEMED HAVE LOST FURTHER CONFIDENCE IN CASEY WITH RECENT REVELATIONS OF INTELLIGENCE OPERATIONS IN THE NEWS MEDIA, SUCH AS A REPORT THAT THE UNITED STATES HAD ESTABLISHED "LISTENING POSTS" FOR NUCLEAR TESTING IN CHINA. THE SENATORS INFORMED THE WHITE HOUSE, THESE OFFICIALS SAID, THAT THEY WERE "FURIOUS" THAT THESE DISCLOSURES APPEARED IN THE NEWS MEDIA WITHOUT THEM BEING MADE KNOWN TO THE INTELLIGENCE COMMITTEE.

REAGAN WAS REPORTED BY GERGEN SATURDAY TO HAVE BEEN UNINVOLVED IN THE SIFTING OF THE ALLEGATIONS AGAINST CASEY, BUT TO BE AWARE IN GENERAL OF THE SENTIMENTS OF THE MEMBERS OF THE SENATE INTELLIGENCE COMMITTEE. "THE PRESIDENT SUPPORTS CASEY AND HAS COMPLETE CONFIDENCE IN HIM," ONE OFFICIAL SAID.

BUT ANOTHER OFFICIAL SAID THAT THE WHITE HOUSE UNDERSTOOD IT WOULD, IN THE END, HAVE TO BE SENSITIVE TO THE CONCERNS OF THE MEMBERS OF THE COMMITTEE AND THAT IT COULD ALL AFFORD TO DEFY GOLDWATER AND OTHERS IF THEIR VIEW REMAINED THAT CASEY SHOULD RESIGN.

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WPM-CASEY: BJT:900

ADMINISTRATION SAID BUYING TIME ON CASEY

BY MICHAEL J. SNIFFEN

AND

ROBERT PARRY

ASSOCIATED PRESS WRITERS

WASHINGTON (AP) - DEMANDING THAT WILLIAM J. CASEY BE ALLOWED TO REBUT HIS CRITICS, THE REAGAN ADMINISTRATION HAS TEMPORARILY STILLED A CHORUS OF KEY REPUBLICAN SENATORS CLAMORING FOR CASEY'S RESIGNATION AS CIA DIRECTOR.

"THEY HAVE BOUGHT THEMSELVES A WEEKEND," SAID ONE SENATE REPUBLICAN SOURCE, WHO ASKED NOT TO BE IDENTIFIED.

WITH SEVERAL INFLUENTIAL REPUBLICANS URGING CASEY TO STEP DOWN, THE 48-YEAR-OLD CIA DIRECTOR ISSUED A STATEMENT FRIDAY VOWING TO LAY TO REST CRITICISMS OF HIS PAST BUSINESS DEALINGS AND MANAGEMENT OF THE CIA.

CASEY SAID HE WOULD PROVIDE HIS REBUTTAL TO THE SENATE INTELLIGENCE COMMITTEE ON MONDAY.

AS CASEY'S STATEMENT WAS BEING ISSUED FROM CIA HEADQUARTERS, THE GOP'S NO. 2 SENATE LEADER, TED STEVENS OF ALASKA, AND COMMITTEE MEMBER WILLIAM V. ROTH, R-DEL., JOINED COMMITTEE CHAIRMAN BARRY GOLDWATER'S CALL FOR CASEY TO STEP DOWN.

MOREOVER, SENATE MAJORITY LEADER HOWARD BAKER OF TENNESSEE SAID HE WOULD "BACK UP GOLDWATER IN WHATEVER HE DECIDES TO DO."

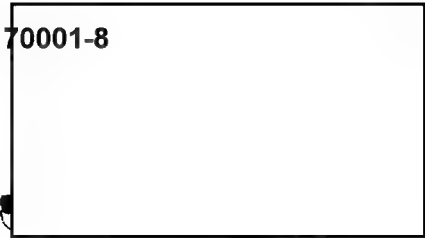
CASEY MUST GO "FOR THE GOOD OF THE AGENCY," SAID STEVENS.

TOURING SENATE OFFICES AS PART OF HIS COUNTEROFFENSIVE LATER IN THE DAY, CASEY WAS ASKED WHETHER HE THOUGHT THE CIA HAD BEEN DAMAGED BY THE FUROR SURROUNDING HIS FUTURE. "I DON'T THINK THE AGENCY IS THAT FRAGILE," HE RESPONDED.

BY THE END OF THE DAY, A HANDFUL OF DEMOCRATS ON THE INTELLIGENCE COMMITTEE AGREED THAT CASEY SHOULD BE GIVEN A CHANCE TO ANSWER ALLEGATIONS AGAINST HIM. THE COMMITTEE STAFF PLANNED TO COMPLETE ITS INTERNAL REVIEW OF CASEY'S BACKGROUND MONDAY AND PRESENT IT AT A CLOSED COMMITTEE MEETING TUESDAY.

SEVERAL DAYS AGO, THE PANEL SENT CASEY FOUR PAGES OF QUESTIONS ABOUT HIS INVOLVEMENT WITH A FAILED NEW ORLEANS FARMING VENTURE CALLED MULTIPONICS INC. AND HIS APPOINTMENT OF AN INEXPERIENCED NEW HAMPSHIRE BUSINESSMAN TO HEAD THE AGENCY'S CLANDESTINE SERVICES.

CONTINUED



SEVERAL TIMES FRIDAY, PRESIDENT REAGAN REAFFIRMED CASEY, AND WHITE HOUSE AIDES SAID CASEY'S FUTURE DID DEPEND ON THE COMMITTEE'S CONCLUSIONS ABOUT HIM.

BUT ONE CONGRESSIONAL GOP SOURCE, WHO ALSO ASKED NO IDENTIFIED, SAID THE WHITE HOUSE STAFF WAS "TRYING TO DETERMINE HOW BAD THIS IS AND WHETHER THEY HAVE TO PULL THE PLUG" ON CASEY.

IN MIDAFTERNOON, CASEY WENT TO THE EXECUTIVE OFFICE BUILDING ACROSS THE STREET FROM THE WHITE HOUSE, BUT DEPUTY WHITE HOUSE PRESS SECRETARY LARRY SPEAKES SAID, "HE IS NOT SEEING THE PRESIDENT."

SPEAKES SAID CASEY HAD CALLED WHITE HOUSE STAFF CHIEF JAMES BAKER, AND, WHILE HE DID NOT RELATE DETAILS OF THAT CONVERSATION, THE PRESS SPOKESMAN SAID THE CIA CHIEF "IS NOT RESIGNING." WHILE CASEY HAD BEEN VISITING SENATE OFFICES, JAMES BAKER HAD SPENT THE DAY ON THE TELEPHONE WITH KEY SENATORS.

CASEY'S OUSTER WOULD BE PARTICULARLY PAINFUL TO REAGAN, WHO TURNED TO THE SELF-MADE MILLIONAIRE LAST YEAR TO REVIVE A SAGGING PRESIDENTIAL CAMPAIGN. CASEY BECAME REAGAN'S CAMPAIGN DIRECTOR AFTER THE NEW HAMPSHIRE PRIMARY AND WAS ONE OF HIS FIRST CABINET-LEVEL APPOINTMENTS.

CASEY'S SIX-MONTH TENURE AS CIA DIRECTOR REACHED A CRISIS POINT THURSDAY NIGHT WHEN GOLDWATER SAID HE ALREADY HAD HARMED THE AGENCY ENOUGH TO RESIGN, OR FOR REAGAN TO FIRE HIM.

CASEY'S COUNTERATTACK BEGAN WITH A 2:30 A.M. EDT TELEPHONE CALL FRIDAY TO GOLDWATER. THEY HAD A "VERY ENERGETIC CONVERSATION" ABOUT THE ARIZONA REPUBLICAN'S STATEMENTS AT THE NEWS CONFERENCE A FEW HOURS EARLIER, REPORTED TOM GRISCOM, HOWARD BAKER'S PRESS SECRETARY.

GOLDWATER PARTICULARLY CRITICIZED CASEY FOR PUTTING MAX HUGEL, A BUSINESSMAN WHO WORKED WITH CASEY IN THE REAGAN PRESIDENTIAL CAMPAIGN, IN CHARGE OF THE AGENCY'S WORLDWIDE SPY NETWORK. HUGEL RESIGNED ABRUPTLY LAST WEEK AFTER TWO NEW YORK STOCKBROKERS SAID THEY AND HUGEL HAD IMPROPERLY MANIPULATED STOCK IN ONE OF HUGEL'S COMPANIES IN 1974.

AT A CAPITOL NEWS CONFERENCE, STEVENS SAID THERE WERE A NUMBER OF "MATTERS OF JUDGMENT" INVOLVING CASEY THAT TROUBLED SENATORS AND THAT HE PERCEIVED THAT A SOLID, BIPARTISAN MAJORITY FROM THE INTELLIGENCE COMMITTEE WANTED CASEY TO STEP ASIDE.

IN THE STATEMENT, CASEY SAID, "I BELIEVE THAT THE MATERIALS WHICH WILL BE PROVIDED THE COMMITTEE NEXT MONDAY WILL LAY THIS ENTIRE CONTROVERSY TO REST."

CONTINUED

ASSOCIATED PRESS

MEANWHILE; IT WAS REPORTED THAT IN A PERSONAL FINANCIAL STATEMENT PRESENTED TO THE INTELLIGENCE COMMITTEE WHEN HE WAS CONFIRMED; CASEY FAILED TO DISCLOSE RECEIPT AS A GIFT OF A \$10,000 INTEREST IN A BUSINESS VENTURE.

THE NEW YORK TIMES; IN TODAY'S EDITIONS; SAID CASEY CLAIMED IN HIS STATEMENT THAT HE HAD NOT RECEIVED ANY GIFTS WORTH MORE THAN \$500 IN THE PAST FIVE YEARS.

BUT; THE NEWSPAPER SAID; CARL G. PAFFENDORF; A LONG-TIME CASEY BUSINESS ASSOCIATE; SAID THAT IN NOVEMBER OR DECEMBER OF 1976; HE GAVE CASEY A \$10,000 INTEREST IN PENVERTER PARTNERS; A PARTNERSHIP INVOLVED IN DEVELOPING COMPUTER TECHNOLOGY.

PAFFENDORF SAID CASEY GAVE HIM A NOMINAL SUM OF \$100; BUT PAFFENDORF CHARACTERIZED CASEY'S INTEREST AS A GIFT. THE TIMES SAID CASEY SAID HE BELIEVED HE HAD PAID "SOME NOMINAL CONSIDERATION" FOR THE STOCK AND SO CONSIDERED IT TO BE A PURCHASE AND NOT A GIFT.

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(NEW COMMENTS FROM WHITE HOUSE)

BY DANIEL F. GILMORE

WASHINGTON (UPI) -- THE WHITE HOUSE SAID SATURDAY PRESIDENT REAGAN, "STANDING FIRMLY BEHIND" ENSATTLED CIA DIRECTOR WILLIAM CASEY, HAS RECEIVED ENCOURAGING ASSURANCES FROM SEVERAL SENATORS THAT THEY "WILL NOT RUSH TO JUDGMENT."

WHITE HOUSE COMMUNICATIONS DIRECTOR DAVID GERGEN REITERATED FOR THE SECOND STRAIGHT DAY THAT REAGAN'S FAITH IN HIS CIA DIRECTOR HAS NOT BEEN SHAKEN BY DEMANDS OF KEY SENATE REPUBLICANS FOR HIS RESIGNATION.

"BASED ON THE EVIDENCE, THE PRESIDENT TRUSTS AND HOPES HIS NAME WILL BE CLEARED," GERGEN TOLD REPORTERS. "HE WANTS HIM TO STAY ON THE JOB."

CASEY, UNDER FIRE FOR IRREGULARITIES IN HIS PAST BUSINESS DEALINGS AND HIS CHOICE OF THE SINCE-RESIGNED MAX HUGEL TO DIRECT COVERT OPERATIONS, HAS PROMISED TO DELIVER TO THE SENATE INTELLIGENCE COMMITTEE BY MONDAY EXPLANATIONS AND DOCUMENTS THAT "WILL LAY THIS ENTIRE CONTROVERSY TO REST."

THE COMMITTEE WILL MEET TUESDAY TO REVIEW CASEY'S ANSWERS AND THE RESULTS OF ITS STAFF INVESTIGATION.

"THE PRESIDENT BELIEVES BILL CASEY IS A GOOD AND DECENT MAN WHO HAS SERVED THE COUNTRY WELL FOR A GOOD MANY YEARS. HE ALSO BELIEVES THAT MR. CASEY IS DOING A FINE JOB AT THE CIA. IN THE LIGHT OF THAT BACKGROUND, THE PRESIDENT IS STANDING FIRMLY BEHIND MR. CASEY," GERGEN SAID.

GERGEN SAID DURING "THE LAST 24 HOURS, SEVERAL SENATORS HAVE INDICATED TO THE WHITE HOUSE THAT THEY WILL NOT RUSH TO JUDGMENT WITH REGARD TO MR. CASEY. THEY SAID THEY BELIEVE IT'S IMPORTANT, OUT OF FAIRNESS, TO WAIT UNTIL ALL THE FACTS ARE IN AND CAREFULLY WEIGHED.

"WE REGARD THIS AS AN ENCOURAGING SIGN," HE SAID.

THE SPOKESMAN CITED SENS. HENRY JACKSON, D-WASH., AND PAUL LAXALT, R-NEV., BUT SAID THE NAMES OF THE OTHERS WERE 'CONFIDENTIAL' BECAUSE THEY HAVE NOT SPOKEN OUT PUBLICLY. HE SAID THEY INCLUDED DEMOCRATS AS WELL AS REPUBLICANS.

LAXALT, CIA GENERAL COUNSEL STANLEY SPORKIN AND FORMER U.S. INFORMATION AGENCY DIRECTOR LEONARD MARKS CALLED A NEWS CONFERENCE SATURDAY TO DEFEND CASEY. BOTH LAXALT AND CASEY PLAYED KEY ROLES IN REAGAN'S ELECTION CAMPAIGN.

"WE ARE NOT GOING TO PERMIT A PERFECTLY DECENT MAN TO BE SAVAGED," LAXALT SAID, ADDING HE SEES "NO INDICATION WHATSOEVER" THAT CASEY WILL RESIGN.

DEMANDS FOR CASEY'S RESIGNATION CAME FROM SEN. BARRY GOLDWATER, R-ARIZ., CHAIRMAN OF THE SENATE INTELLIGENCE COMMITTEE, SENATE REPUBLICAN LEADER TED STEVENS OF ALASKA AND INTELLIGENCE COMMITTEE MEMBER WILLIAM BOEHM, D-PA.

Approved For Release 2005/11/28 : CIA-RDP91-00901R000400170001-8

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STEVENS AND ROTH CHARGED CASEY HAD COMPROMISED HIMSELF. THEY SAID HE IS UNABLE TO SERVE EFFECTIVELY IN HIS SENSITIVE POST.

LAXALT SAID HE 'RESPECTFULLY DISAGREES.'

"IT IS MY VIEW THAT HE ENJOYS THE RESPECT OF PEOPLE WITHIN THE AGENCY," LAXALT SAID. "TO MY COLLEAGUES I SAY, 'KEEP AN OPEN MIND. GIVE HIM A FAIR SHOT.'"

GERGEN SAID WHITE HOUSE COUNSEL FRED FIELDING REVIEWED THE MATERIAL ON CASEY "AND HAS FOUND NOTHING TO CHANGE" HIS ORIGINAL EVALUATION THAT "CASEY SHOULD STAY ON."

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WASHINGTON STAR
25 JULY 1981

Approved For Release 2005/11/28 : CIA-RDP91-00901R000400170001-8

Casey Defiant; Pressure Grows For Resignation

By Henry S. Bradsher
Washington Star Staff Writer

White House support for embattled CIA director William J. Casey became more cautious yesterday while congressional calls for his resignation grew stronger.

But Casey issued a defiant statement denying some of the allegations against him and saying he expected to continue working with Congress "in the months ahead."

President Reagan said yesterday morning that "I have not changed my mind about Bill Casey," his 1980 campaign manager whom he had supported in early rounds of the current controversy.

By yesterday afternoon, however, following a Senate leader's claim of a congressional consensus for Casey's resignation, Reagan was less direct. He gave an equivocal reply when reporters asked him if Casey "has to resign."

"I don't have any answer on that," Reagan said. "We still have confidence, and our people will be talking to the senators about that."

Administration sources said the difference between the two comments reflected growing White House caution about remaining too closely identified with a man who might become a political liability. Reagan's aides apparently were uncertain that Casey could survive the doubts about his judgment and past business record.

Some sources within the administration and the intelligence community said Casey had tried to get the White House to issue a statement defending him yesterday in answer to a call for his resignation issued Thursday night by the chairman of the Senate Select Committee on Intelligence, Barry Goldwater, R-Ariz.

But other intelligence sources denied that Casey had asked for a White House statement. Instead, these sources said, Casey informed the White House that he would issue his own statement, and he gave an advance copy to Reagan's aides.

Reagan's chief of staff, James A. Baker III, conferred on the phone off and on during the day with key sen-

ators, and Casey turned up on Capitol Hill in the afternoon to talk with some members of the Senate Intelligence Committee.

Casey's trip to the Hill ostensibly was to introduce the new chief of the CIA's external affairs staff, J. William Doswell, a former Richmond, Va., public relations man and former newspaperman. But the trip also offered a chance to discuss the building pressure.

It had begun building 11 days ago when allegations of wrongdoing against the political aide whom Casey had named CIA spymaster, Max C. Hugel, led to Hugel's resignation under White House pressure, and then old business charges against Casey were given new public airing.

Several key senators began privately questioning whether Casey should stay in his job. Their concern focused on Casey's having put Hugel into the CIA's most sensitive job without full, normal security checks on him, with Casey's own personal troubles secondary.

Then on Thursday night Goldwater went public with his feeling that Casey should resign over the Hugel case. "I believe that the placing of Mr. Hugel... was a sufficient mistake for Mr. Casey to consider withdrawing himself or having the president do so," Goldwater said.

The spreading ripples of that public statement created day-long uncertainty yesterday over Casey's fate. But by nightfall congressional sources were saying that the case was expected to carry over into next week.

A preliminary report on the investigations into the Hugel security check and Casey's business dealings was expected to be made by Senate intelligence committee staff members on Monday, sources said. The full committee scheduled a closed meeting for 9 a.m. Tuesday.

After Goldwater's 8:30 p.m. statement, Casey reportedly telephoned him at 2:30 yesterday morning. The two had a "very energetic" conversation, according to a Senate source.

Later in the morning, Senate Majority Whip Ted Stevens of Alaska reported having talked with members of both the Senate and House intelligence committees. As a result, he said, "It's my judgment Mr. Casey would be wise to accept Mr. Goldwater's advice."

Stevens said that "additional matters" that went beyond giving Hugel the spymaster's job had raised questions about "matters of judgment" by Casey. The senator refused to elaborate.

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spokesman David Gergen left options open.

"We think it's premature to reach judgments today," Gergen said. "Fairness requires that the current Senate investigation be completed before judgments are reached."

From the Hill came later echoes of this from allies of Reagan such as Sen. Paul Laxalt, R-Nev., and Democrats such as Daniel Patrick Moynihan, D-N.Y. Both took the position that Casey should be considered innocent until proven guilty.

James Baker was on the phone from the White House to Howard Baker twice during the day to gauge the congressional mood and discuss the situation. Those familiar with the conversations said there was no hint that the White House was going to force Casey out.

In his statement, Casey said, "I sincerely regret that Senator Goldwater was provided with inaccurate information which was reflected in his statement yesterday."

Casey said the Senate intelligence committee would receive on Monday the material it had requested for its investigation. How the answers for four pages of questions and requests for other materials could be processed in time for a preliminary report the same day was unclear.

"The allegation that I made \$750,000 from my investment in Multiponics," Casey said about a failed farm business venture, "is absolutely false. In fact, I lost my investment, and materials being submitted will substantiate that fact. I believe the materials which will be provided the committee next Monday will lay this entire controversy to rest."

"I look forward to a continued close and productive relationship with Senator Goldwater and with all other members of the Senate and House select committees on intelligence as we work together in the months ahead to strengthen this country's intelligence capabilities," Casey said.

Washington Star Staff Writers Roberta Hornig, Lisa Myers and Jeremiah O'Leary contributed to this story.

25 July 1981

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WYNT WASHINGTON: THE COUNTRY.***

IN ANOTHER DEVELOPMENT: A SPOKESMAN FOR THE INTELLIGENCE PANEL CONFIRMED THAT GOLDWATER HAD ASKED FRED THOMPSON, REPUBLICAN COUNSEL TO THE SENATE WATERGATE COMMITTEE IN 1973, TO ASSIST IN THE COMMITTEE'S INVESTIGATION.

THOMPSON HAS TOLD GOLDWATER, ACCORDING TO THE SPOKESMAN, THAT HE WILL DECIDE WHETHER TO JOIN THE STAFF ON MONDAY. THOMPSON, A NASHVILLE LAWYER WITH CLOSE TIES TO SENATE MAJORITY LEADER HOWARD H. BAKER JR., OF TENNESSEE, SERVED AS COUNSEL TO THE SENATE FOREIGN RELATIONS COMMITTEE THIS YEAR FOR ITS BACKGROUND INVESTIGATION OF ALEXANDER M. HAIG JR. TO BE SECRETARY OF STATE.

MEANWHILE, STANLEY SPORKIN, GENERAL COUNSEL OF THE CIA, SEN. PAUL LAXALT, R-NEV., AND LEONARD MARKS, A LONGTIME ACQUAINTANCE OF CASEY'S, HELD A NEWS CONFERENCE HERE SATURDAY AFTERNOON TO PRAISE AND DEFEND THE CIA DIRECTOR.

IT WAS A HIGHLY UNUSUAL NEWS CONFERENCE IN THAT IT WAS ORGANIZED BY A PRIVATE PUBLIC RELATIONS CONCERN TO DEFEND A PUBLIC OFFICIAL.

SPORKIN, WHO WAS ENFORCEMENT DIRECTOR OF THE SECURITIES AND EXCHANGE COMMISSION WHEN CASEY WAS ITS CHAIRMAN, SAID: "IT WOULD BE A TRAGEDY FOR THIS COUNTRY TO LOSE THIS MAN'S TALENTS."

WITH REGARD TO ALLEGATIONS THAT CASEY HAD BEEN INVOLVED FRAUDULENT STOCK TRANSACTIONS, SPORKIN SAID: "I KNOW A SECURITIES FRAUD WHEN I SEE IT, AND I DO NOT SEE IT IN THIS CASE."

HE SAID THAT IT WAS "HORRENDOUS" FOR JOURNALISTS AND CONGRESSIONAL INVESTIGATORS TO PURSUE "OLD FACTS" RELATING THE CASEY'S FINANCIAL ACTIVITIES IN 1968 AND 1969.

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MARKS, WHO SERVED IN THE JOHNSON ADMINISTRATION AS DIRECTOR OF THE U.S. INFORMATION AGENCY, SAID THAT THE "UNFAVORABLE AND ONE-DIMENSIONAL PICTURE OF BILL CASEY" PRINTED BY RECENT NEWSPAPER STORIES WAS INACCURATE AND UNFAIR.

WHEN ASKED LATER WHY SPORKIN, A HIGH-RANKING CIA OFFICIAL WAS PARTICIPATING IN THE NEWS CONFERENCE, A SPOKESMAN FOR THE AGENCY, DALE PETERSON SAID: "TWO OLD FRIENDS OF CASEY ARRANGED THE NEWS CONFERENCE. THEY CALLED AND ASKED THE CIA FOR PERMISSION FOR SPORKIN TO ATTEND BECAUSE OF HIS KNOWLEDGE AND BACKGROUND IN HIS SEC DAYS, AND THE AGENCY GAVE ITS APPROVAL."

WHEN ASKED WHO IN THE AGENCY HAD GIVEN APPROVAL, PETERSON REPEATED THAT "THE AGENCY" HAD GIVEN IT.

"IT IS NOT A CIA EVENT," PETERSON SAID OF THE NEWS CONFERENCE."

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SENATE PROBE OF CIA CHIEF IS BEEFED UP

BY JUDITH MILLER

AP, 1981 N.Y. TIMES NEWS SERVICE

WASHINGTON - THE SENATE SELECT COMMITTEE ON INTELLIGENCE, ASSISTED BY AT LEAST 10 AGENTS OF THE FEDERAL BUREAU OF INVESTIGATION, STEPPED UP ITS INQUIRY SATURDAY INTO THE BUSINESS DEALINGS OF WILLIAM J. CASEY, DIRECTOR OF CENTRAL INTELLIGENCE.

SEN. DANIEL P. MOYNIHAN, D-N.Y., VICE CHAIRMAN OF THE INTELLIGENCE PANEL, SAID IN AN INTERVIEW SATURDAY THAT THE COMMITTEE WOULD ASK CASEY TO PROVIDE INFORMATION ABOUT HOW MUCH FEDERAL INCOME TAX HE HAS PAID, AND IF LEGALLY POSSIBLE, WOULD SEEK TO OBTAIN COPIES OF HIS INCOME TAX RETURNS.

MOYNIHAN SAID THAT HE HAD INSTRUCTED COMMITTEE INVESTIGATORS TO EXPLORE A REPORT IN THE NEW YORK TIMES SATURDAY THAT CASEY HAD FAILED TO DISCLOSE STOCK HOLDINGS AND THE RECEIPT OF A GIFT OF \$20,000 INTEREST IN ANOTHER BUSINESS VENTURE.

HE ALSO ASKED THE PANEL TO REVIEW WHAT FEDERAL PROSECUTORS CALLED CONTRADICTIONARY TESTIMONY BY CASEY IN CONNECTION WITH THE GOVERNMENT'S UNSUCCESSFUL PROSECUTION OF TOP NIXON ADMINISTRATION OFFICIAL ON CHARGES OF TRYING TO AID ROBERT L. VESCO, THE FUGITIVE FINANCIER.

CASEY, RESPONDING THROUGH A SPOKESMAN, HAS DENIED ANY IMPROPRIETY AND HAS INSISTED THAT THE FACTS WOULD SHOW THAT HE IS "QUALIFIED AND READY" TO HEAD THE CENTRAL INTELLIGENCE AGENCY.

MOYNIHAN, WHO WAS REACHED BY TELEPHONE AT A CRAFTS FAIR IN UPSTATE NEW YORK, REITERATED HIS VIEW THAT PRESIDENT REAGAN'S FORMER CAMPAIGN CHAIRMAN MUST BE GIVEN AN OPPORTUNITY TO RESPOND TO QUESTIONS ABOUT HIS BUSINESS CONDUCT IN THE PROPER FORUM AND BE AFFORDED A "SEMBLANCE OF DUE PROCESS." AT THE SAME TIME, HE ADDED, THE COMMITTEE HAD NO CHOICE BUT TO PROCEED WITH A "THROUGH INVESTIGATION."

"THAT IS THE DISMAL PROSPECT," HE SAID, "AND WHILE THE AGENCY DOES NOT NEED THIS, IT HAS TO BE DONE."

WHILE HE SAID THAT THE COMMITTEE STAFF WOULD PRESENT THE CONCLUSIONS OF ITS CURRENT REVIEW TO THE PANEL IN A CLOSED SESSION ON TUESDAY, MOYNIHAN SAID THAT THE STAFF REPORT WOULD ONLY BE A "FIRST EFFORT."

"OBVIOUSLY, WHAT WE'LL HAVE IS A FIRST REPORT," HE SAID. "WHAT WORRIES ME IS THAT IT MAY GO ON AND ON AND THE INVESTIGATION MAY BALLOON."

THE NEW YORK DEMOCRAT SAID THAT HE HAD SPOKEN SATURDAY MORNING WITH WILLIAM H. WEBSTER, DIRECTOR OF THE FBI, WHO TOLD HIM THAT HE HAD ASSIGNED 10 AGENTS TO ASSIST THE COMMITTEE STAFF'S INQUIRY.

GOYAKHAN'S STATEMENTS SATURDAY DISCOURAGED WHITE HOUSE OFFICIALS WHO HAD EXPRESSED HOPE THAT THE REPORT BY THE INTELLIGENCE PANEL WOULD ANSWER ALL THE QUESTIONS RAISED ABOUT THE EMBATTLED CIA DIRECTOR.

WHITE HOUSE OFFICIALS AND SENATE COMMITTEE MEMBERS HAVE SAID THAT THEY WERE CONCERNED THAT A PROTRACTED INVESTIGATION OF CASEY, IN THE WAKE OF THE RESIGNATION OF MAX C. HUGEL, FORMER CHIEF OF CLANDESTINE SERVICES, WOULD DEPRIVE THE AGENCY OF THE STABILITY AND CONFIDENCE KEGAN HAS VOWED TO RESTORE. HUGEL, SELECTED BY CASEY FOR THE SENSITIVE POST OVER THE OBJECTION OF MANY MEMBERS OF THE INTELLIGENCE PANEL, WAS FORCED TO QUIT TWO WEEKS AGO BECAUSE OF A FINANCIAL SCANDAL.

MEANWHILE, SEN. DENNIS DECONCINI, D-ARIZ., JOINED SATURDAY A GROUP OF REPUBLICANS AND SOME DEMOCRATS WHO HAVE CALLED UPON CASEY TO STEP DOWN. DECONCINI WAS THE HEAD OF A SUBCOMMITTEE THAT HAS BEEN INVESTIGATING THE JUSTICE DEPARTMENT'S HANDLING OF VESCO'S FINANCIAL AFFAIRS. DECONCINI IS NOW THE RANKING DEMOCRATIC MEMBER OF THE PANEL.

SEN. RICHARD G. LUGAR, R-IND. AND A MEMBER OF THE INTELLIGENCE COMMITTEE, ALSO EXPRESSED CONCERN SATURDAY ABOUT THE IMPACT ON THE CIA THE TURMOIL SURROUNDING CASEY. HE SAID IN AN INTERVIEW ON CABLE NETWORK NEWS THAT HE WOULD NOT MAKE A DECISION ABOUT CASEY BEFORE THE COMMITTEE HAD COMPLETED ITS REPORT. HE ADDED, HOWEVER, THAT THERE WAS "UNANIMOUS FEELING" ON THE PANEL THAT SHOULD CASEY VOLUNTARILY STEP DOWN, ADM. BOBBY R. INMAN, DEPUTY DIRECTOR OF INTELLIGENCE, SHOULD SUCCEED HIM.

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"HE'S THERE; HE'S IN PLACE," SAID LUGAR, EXPRESSING WIDELY HELD SUPPORT FOR INMAN ON THE COMMITTEE. "IF WE WERE NOT TO HAVE CASEY, THERE IS STILL INMAN."

LUGAR ALSO INDICATED THAT THE STAFF REPORT, SCHEDULED TO BE COMPLETED MONDAY, WOULD BE A "PRELIMINARY" DOCUMENT. LUGAR SAID THAT THE REPORT WOULD MAKE A RECOMMENDATION ABOUT "WHAT WAS IN THE BEST INTERESTS OF THE AGENCY" BASED ON THE STAFF'S REVIEW OF QUESTIONS RAISED TO DATE ABOUT CASEY'S FINANCIAL DEALINGS.

A COMMITTEE SPOKESMAN SAID THAT THE STAFF REPORT WOULD ALSO DISCUSS PROCEDURES FOLLOWED BY THE AGENCY'S OFFICE OF SECURITY, WHICH FAILED TO DETECT THE DETAILS OF THE FINANCIAL SCANDAL THAT FORCED RUGEL TO RESIGN.

HOYNICHAH SAID THAT HE AND COMMITTEE CHAIRMAN BARRY GOLDWATER, R-Ariz., WOULD MEET WITH THE STAFF AIDES MONDAY MORNING TO REVIEW THEIR CONCLUSIONS. HE SAID THAT THE COMMITTEE WOULD PROBABLY DECIDE AT ITS MEETING ON TUESDAY TO ASK CASEY TO APPEAR BEFORE THE PANEL LATER THAT WEEK.

HE ADDED THAT THE COMMITTEE STAFF HAD BEEN "DELUGED WITH CALLS AND TIPS ABOUT MR. CASEY FROM ALL OVER THE COUNTRY."

(MORE)

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ON PAGE A-8THE BALTIMORE SUN
25 July 1981

Casey as CIA Director

At first, CIA Director William J. Casey seemed to be riding out the controversy that arose ten days ago when the man he had chosen to be CIA spy master, Max Hugel, resigned in the wake of charges he had once engaged in questionable business practices.

Then, two court cases came to light that called into question the propriety of some of Mr. Casey's own pre-CIA business activities. A review of these issues by the Senate Select Committee on Intelligence has prompted its chairman, Barry Goldwater, and other committee Republicans, to call for Mr. Casey's resignation.

These startling developments raise the question of whether Mr. Casey should resign with the same speed Mr. Hugel did; and without having to be asked. Or if he doesn't, whether President Reagan should heed the advice of Mr. Goldwater and tell Mr. Casey to "retire." Mr. Reagan cannot afford to dismiss such a blunt message on such a sensitive matter from one of the Republican Party's most venerated conservatives.

Senator Goldwater's recommendation is a turnaround from a week ago when he said Mr. Casey should stay "unless we find further allegations." The Arizona senator does not change his mind capriciously. And we can't believe Republican committee members William Roth of Delaware and Ted Stevens of Alaska would have joined the call for resignation were there no fire behind the smoke; nor would Majority Leader Howard Baker have given blanket endorsement to whatever action Mr. Goldwater might decide to take.

Director Casey's lack of judgment in appointing the inexperienced Mr. Hugel to the sensitive CIA post was "dangerous" and reason enough for Mr. Casey to step down, Mr. Goldwater has charged. The senator also raised the possibility of discrepancies in business information Mr. Casey provided the intelligence committee. This, along with what already has been disclosed about Mr. Casey's prior dealings, could well render his continued service to the CIA a liability.

As Senator Roth said: "At a time when this country's security is being threatened around the world the United States cannot afford to see its intelligence service diverted from its critical responsibilities by the kinds of allegations now being made."

Moreover, Mr. Casey has placed President Reagan in a dilemma that seems to confront every president sooner or later: whether to stand by a trusted friend or take an action that seems to be demanded in the best interest of the country. So far, Mr. Reagan is sticking with his friend. That may place the administration's credibility in grave jeopardy. Leaving the matter to aides just reinforces the impression of his critics that the president is only casually in command, if that.

The sudden call for Mr. Casey's resignation from so many respected Senate Republicans cannot help but send a shock-wave through the White House. This is a matter the president must deal with decisively and quickly. The CIA is too important an agency to let the situation drift aimlessly without resolution.

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ON PAGE A-10

WASHINGTON STAR
25 JULY 1981

The Casey Case

The William Casey matter, regrettably, has the look of those affairs in which the pulling of loose strings — and there are loose strings — could unravel a large fabric.

Last week the Central Intelligence Agency director, who combines considerable Washington experience with an obviously successful handling of the 1980 Reagan campaign, bounced a man, Mr. Max Hugel, whom he had ill-advisedly installed as head of CIA operations. The deputy in question had been accused by two brokers of stock irregularities, which he denies. But that was almost beside the point. Mr. Hugel's abrupt departure brought to light an almost universal feeling at the CIA that this New Hampshire businessman and Reagan campaign aide was out of his depth in the delicate business of playing spy-master.

It was, to say the least, breathtaking misjudgment to post an ignorant amateur (and political appointee at that) in so sensitive a position. It should not have taken a breath of scandal to force the correction of the error. The error should never have been made.

Sen. Barry Goldwater, chairman of the Senate Intelligence Committee, calls it "a very bad mistake . . . even dangerous," and he is right. Consider that various attacks on clandestine operations by the Agency, some serious, some politically-inspired and undiscriminating, all damaging, had come near wrecking U.S. intelligence a few years ago. To entrust this essential function to a tyro like Mr. Hugel was frivolous.

Whether this embarrassment, combined with other questions now being asked about Mr. Casey's candor with the Intelligence Committee, warrants Mr. Casey's own departure, as Senator Goldwater and others believe, is a closer question. Mr. Casey and his important backer President Reagan seem to feel that the Senate's curiosity constitutes harassment. Unfortunately, it cannot be so casually dismissed. Timely investigation of these questions is desirable; but late investigation is better than none.

To be sure, Securities and Exchange Commission proceedings are ambiguous at best. But Mr. Casey's performance in connection with the Multiponics Corporation has been seriously questioned not only by the SEC but

in courts of law. Moreover, it is reported that he did not list all his legal clients, as the law mandates. Clients of his law firm may have been incomplete. Other doubts are in the air. The Senate has a responsibility to pursue the matter, wherever it leads. If this is harassment, it is harassment in the line of duty.

Our advice to the president, which he probably neither needs nor wants, is to go easy on affirmations of confidence in Mr. Casey. It is painful but prudent, at this point, to recall the Bert Lance precedent. Mr. Lance became the director of the Office of Management and Budget, as Mr. Casey did of the CIA, without an exacting confirmation proceeding. In both instances the Senate knew that it was dealing with one of the president's right-hand people and wished to be agreeable. Mr. Lance, like Mr. Casey, began to trail loose strings. When the pulling began it became disastrous. And President Carter's reluctance to see the handwriting on the wall eventually became an insupportable political embarrassment.

In general we wish presidents would make it a rule not to cast top political managers in ultra-sensitive government roles calling for the utmost independence of judgment, and for its appearance too. But the recent rule, now that the postmaster-generalship is no longer available as the conventional perch for the political manager, is just the contrary. We have had two attorneys general who had been campaign managers (Robert Kennedy under his brother, John Mitchell under President Nixon). We have had Bert Lance as head of OMB. President Reagan, no doubt quieting any doubts with the thought that William Casey is an old OSS hand, made his political manager director of CIA. Every such appointment carries the risk of politically-tainted judgment in the most sensitive legal, fiscal and intelligence issues. It shouldn't have been done in the first place, although once done it is not easily undone.

At the least President Reagan should profit from previous examples. He should await the Senate's findings, as we shall, before concluding that Mr. Casey's position remains tenable. That doesn't seem the prevailing view on the Senate Intelligence Committee at this writing.

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25 July 1981

AP-9TH NEWSWATCH

HERE IS THE LATEST NEWS FROM THE ASSOCIATED PRESS:

THE F-B-I IS DENYING A REPORT THAT IT'S ASSIGNED TEN AGENTS TO HELP THE SENATE INTELLIGENCE COMMITTEE INVESTIGATE THE PAST BUSINESS AFFAIRS OF C-I-A DIRECTOR WILLIAM CASEY. BUT THE BUREAU SAYS IT IS SENDING ITS BACKGROUND FILES ON CASEY TO THE PANEL. THE COMMITTEE IS LOOKING INTO CASEY'S BUSINESS BACKGROUND BECAUSE OF A JUDGE'S FINDING THAT HE HELPED TO KNOWINGLY MISLED STOCKHOLDERS OF A NOW-DEFUNCT COMPANY. THE WHITE HOUSE SAID YESTERDAY THAT PRESIDENT REAGAN STILL FEELS CASEY SHOULD NOT RESIGN. BUT A SPOKESMAN ALSO SAYS REAGAN WILL REVIEW THE MATTER FURTHER IF THE PANEL UNCOVERS ANY OTHER EVIDENCE OF WRONGDOING.

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ON PAGE A10

THE PHILADELPHIA INQUIRER
25 July 1981

More call for Casey to resign

White House hints at changes

By Robert Parry
and Michael J. Sniffen
Associated Press

WASHINGTON — Several key Republicans called yesterday for William J. Casey's resignation and, despite President Reagan's affirmation of support for the CIA director, a White House spokesman conceded there could be changes "in the climate."

Casey himself attempted to stem the tide by promising on Monday to provide the Senate Intelligence Committee with information that he said would dispel complaints about his past business practices and his management of the agency.

Nevertheless, the GOP's number-two Senate leader, Ted Stevens of Alaska, and intelligence committee member William V. Roth (R., Del.) joined chairman Barry Goldwater's call for Casey, 68, to step down.

Several days ago, the panel sent Casey four pages of questions about his involvement with a failed New Orleans farming venture called Multiponics Inc. and his appointment of Max Hugel, a New Hampshire businessman who had no experience in the intelligence field, to head the agency's clandestine services.

Yesterday morning, Reagan said he had not changed his mind about keeping Casey. But a congressional GOP source said the White House staff was "trying to determine how bad this is and whether they have to pull the plug" on Casey. Reagan, in a statement, said, "We are cooperating fully with the Senate committee, and my staff is following the matter closely. As I said earlier today, I have not changed my mind about Bill Casey."

White House spokesman David Gergen, however, cast a perspective which left Reagan's options open. "We think it's premature to reach judgments today," Gergen said. "Fairness requires that the current Senate investigation be completed before judgments are reached."

He insisted that Casey's future will not be determined by the committee's findings but added, "Everyone recognizes that the conclusions of that committee may affect the climate on the Hill and the climate elsewhere."

There were other indications that Reagan was putting some distance between himself and Casey: He had not talked with Casey in at least 24 hours, and he left it up to White House chief of staff James A. Baker 3d to deal with senators critical of the CIA director.

Casey's six-month tenure as CIA director suffered its worst turn Thursday night when Goldwater said Casey already had harmed the agency enough to resign, or for Reagan to fire him.

Goldwater particularly criticized Casey for putting Hugel, a businessman who worked with Casey in the Reagan presidential campaign, in charge of the agency's worldwide spy network. Hugel resigned abruptly last week after two New York stockbrokers said they and Hugel had improperly manipulated stock in one of Hugel's companies in 1974.

After Hugel's resignation, two recent federal court rulings surfaced criticizing Casey's role in the management of Multiponics, holding that he and other investors knowingly misled potential investors in the firm and showed a "pattern of self-interest."

Yesterday other committee members added their voices. After Roth and Stevens called for Casey's ouster, Joseph R. Biden of Delaware, a Democrat, said through an aide that he is convinced that there is no way that Casey can or should remain.

Sen. Daniel P. Moynihan (D., N.Y.), the committee's ranking Democrat, said he had talked to Casey and that he hoped the CIA director would appear before the committee allay its doubts. "The allegations now being made concerning Mr. Casey are grievous enough, and if confirmed would be calamitous. But they have not been confirmed," he said.

As part of his counter-offensive against the critics, Casey toured Senate offices yesterday, telling reporters that he would not elaborate on the statement in which he said, "I believe that the materials which will be provided the committee next Monday will lay this entire controversy to rest."

In a clear signal of his determination to stay on, he added in the statement, "I look forward to a continued close and productive relationship with Sen. Goldwater and with all other members of the committees on intelligence."

25 July 1981

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Capital Briefs

★ Key U.S. intelligence sources are concerned that certain individuals within the Reagan Administration, along with a number of congressional liberals, are trying to replace CIA director William Casey—badly shaken by last week's resignation under fire of Max Hugel, his chief of clandestine operations—with Casey's No. 2 man, Admiral Bobbie Ray Inman. Though originally backed for the No. 2 spot by no-nonsense security types on the Hill, many of these same hardliners are now having second thoughts because of Inman's opposition to efforts to lift burdensome restrictions on the CIA imposed by the Carter Executive Order. "Changes are critical if the agency is to perform well," says one knowledgeable intelligence source, "but Inman is opposed to all but cosmetic alterations."

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25 July 1981

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WHITE HOUSE OFFICIALS SAY CASEY MIGHT HAVE TO RESIGN

BY STEVEN R. WEISMAN

PC. 1981 N.Y. TIMES NEWS SERVICE

WASHINGTON - WHITE HOUSE OFFICIALS SAID SATURDAY THAT REPUBLICANS ON THE SENATE INTELLIGENCE COMMITTEE SEEMED TO HAVE SUCH STRONG "PERSONAL" OBJECTIONS TO THE FITNESS AND JUDGMENT OF WILLIAM J. CASEY THAT CASEY MIGHT HAVE TO RESIGN AS DIRECTOR OF CENTRAL INTELLIGENCE.

BUT THESE OFFICIALS SAID THAT PRESIDENT REAGAN CONTINUED TO BACK CASEY IN HIS EFFORT TO REMAIN ON THE JOB AMID SUGGESTIONS FROM SEVERAL REPUBLICANS ON THE INTELLIGENCE PANEL THAT HE RESIGN. THEY SAID THE PRESIDENT FELT THAT THE ALLEGATIONS OF PAST FINANCIAL MISCONDUCT DIRECTED AT CASEY WERE OF A "TECHNICAL" NATURE THAT DID NOT WARRANT CASEY HAVING TO LEAVE HIS POST.

AT A NEWS BRIEFING SATURDAY AFTERNOON, DAVID R. GERGEN, THE SENIOR WHITE HOUSE SPOKESMAN, SAID THAT FRED F. FIELDING, THE WHITE HOUSE COUNSEL, CONTINUED TO FEEL THAT NOTHING THAT HAD COME TO LIGHT RELATING TO CASEY'S FINANCIAL DEALINGS CAUSED HIM TO FEEL THAT CASEY HAD BEEN LESS THAN FORTHCOMING WITH THE SENATE INTELLIGENCE COMMITTEE, THE WHITE HOUSE OR ANYONE ELSE.

SPECIFICALLY, GERGEN QUOTED FIELDING AS SAYING THAT A REPORT IN THE NEW YORK TIMES SATURDAY THAT CASEY HAD FAILED TO DISCLOSE STOCK HOLDINGS IN ONE CORPORATION, AND THE RECEIPT AS A GIFT OF A \$10,000 INTEREST IN ANOTHER BUSINESS VENTURE, "IS NOT A MATTER OF GREAT CONCERN HERE."

"HE REGARDS IT AS A MINOR OMISSION," GERGEN SAID, REFERRING TO FIELDING'S ASSESSMENT OF CASEY'S FAILURE TO DISCLOSE BOTH MATTERS.

HOWEVER, WHITE HOUSE SOURCES SAID FIELDING PLANNED TO BE IN CONTINUOUS TOUCH WITH BOTH CASEY AND THE COUNSEL FOR THE CENTRAL INTELLIGENCE AGENCY, STANLEY SPORKIN, ON THE VARIOUS ALLEGATIONS OF FINANCIAL MISCONDUCT.

"WE CAN'T AFFORD NOT TO BUTTON DOWN EVERY LITTLE DETAIL OR CONTRADICTION," ONE OFFICIAL SAID. *CONTINUED*

"HIS OFFICIAL, ALONG WITH SEVERAL OTHERS, SAID THAT TOP SIDES TO REAGAN HAD, HOWEVER, COME TO THINK THAT THE OBJECTIONS OF VARIOUS MEMBERS OF THE SENATE INTELLIGENCE COMMITTEE WERE "PERSONAL" IN NATURE, HAVING VIRTUALLY NOTHING TO DO WITH THE FINANCIAL ALLEGATIONS. THEY EXPRESSED FEELINGS OF FRUSTRATION AND EVEN PUZZLEMENT THAT SUCH NORMALLY STALWART REPUBLICAN ALLIES OF REAGAN AS SENS. BARRY GOLDWATER OF ARIZONA, TED STEVENS OF ALASKA AND WILLIAM ROTH OF DELAWARE HAD ASKED FOR CASEY'S RESIGNATION.

GERGEN MAINTAINED SATURDAY THAT AT LEAST THREE SENATORS HAD IN THE LAST 24 HOURS REASSURED THE WHITE HOUSE THAT THEY WOULD NOT "PREJUDGE" CASEY UNTIL THE STAFF OF THE COMMITTEE HAD SIFTED THROUGH THE ALLEGATIONS AGAINST HIM.

"OVER THE COURSE OF THE LAST 24 HOURS, SEVERAL SENATORS HAVE INDICATED TO THE WHITE HOUSE THAT THEY WILL NOT RUSH TO JUDGMENT WITH REGARD TO MR. CASEY OUT OF FAIRNESS TO HIM," GERGEN SAID. "THEY BELIEVE IT IS IMPORTANT TO WITHHOLD JUDGMENT UNTIL ALL THE FACTS ARE IN. THIS IS PRECISELY WHAT WE HOPED THE MEMBERS OF THE SENATE WOULD DO."

BUT PRIVATELY, WHITE HOUSE OFFICIALS ACKNOWLEDGED THEY HAD BECOME ALARMED BY WHAT THEY REGARDED AS A VIRTUAL COLLAPSE OF SUPPORT FOR CASEY AMONG THEIR NORMAL ALLIES.

THESE OFFICIALS SAID IT APPEARED THAT THE REPUBLICANS HAD APPARENTLY DEVELOPED SUCH DEEP-SEATED OBJECTIONS TO CASEY THAT THEIR FEELINGS MIGHT NOT BE EASED EVEN IF CASEY WERE CLEARED OF VIOLATIONS BY THE INTELLIGENCE COMMITTEE INVESTIGATION.

SEVERAL OFFICIALS SPECULATED THAT CASEY SIMPLY HAD NEVER DEVELOPED MUCH SUPPORT IN THE COMMITTEE, AND THAT THE "OLD BOY NETWORK" IN WHAT IS KNOWN AS THE "INTELLIGENCE COMMUNITY" IN WASHINGTON - CONSISTING OF INTELLIGENCE SPECIALISTS AND ALUMNI - HAD GONE WITH THEIR OWN MISGIVINGS ON CASEY'S FITNESS TO THE MEMBERS OF THE COMMITTEE.

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THE FOCUS FOR THESE MISFEASINGS IS ATTRIBUTED BY THE WHITE HOUSE TO CASEY'S SELECTION OF MAX HUGEL AS DIRECTOR OF COVERT OPERATIONS. HUGEL RESIGNED 11 DAYS AGO AMID ALLEGATIONS OF FINANCIAL MISCONDUCT OF HIS OWN. MEMBERS OF THE INTELLIGENCE COMMUNITY WITH TIES TO MEMBERS OF THE SENATE INTELLIGENCE PANEL ARE SEEN BY THE WHITE HOUSE TO HAVE GONE TO THE SENATORS WITH THEIR STRONG FEELING THAT CASEY'S JUDGMENT IN THE HUGEL MATTER HAD BEEN POOR.

SOME WHITE HOUSE OFFICIALS SAID THAT MEMBERS OF THE SENATE PANEL HAD ALWAYS FAVORED SOMEONE ELSE FOR THE CIA DIRECTORSHIP - NAMELY SEN. BOBBY RAY INMAN, WHO IS NOW DEPUTY DIRECTOR UNDER CASEY - AND THAT CASEY'S SELECTION DID NOT "OVERJOY" THE SENATORS.

ONE OFFICIAL SAID THE SENATORS SEEMED HAVE LOST FURTHER CONFIDENCE IN CASEY WITH RECENT REVELATIONS OF INTELLIGENCE OPERATIONS IN THE NEWS MEDIA, SUCH AS A REPORT THAT THE UNITED STATES HAD ESTABLISHED "LISTENING POSTS" FOR NUCLEAR TESTING IN CHINA. THE SENATORS INFORMED THE WHITE HOUSE, THESE OFFICIALS SAID, THAT THEY WERE "FURIOUS" THAT THESE DISCLOSURES APPEARED IN THE NEWS MEDIA WITHOUT THEM BEING MADE KNOWN TO THE INTELLIGENCE COMMITTEE.

REAGAN WAS REPORTED BY GERGEN SATURDAY TO HAVE BEEN UNINVOLVED IN THE SIFTING OF THE ALLEGATIONS AGAINST CASEY, BUT TO BE AWARE IN GENERAL OF THE SENTIMENTS OF THE MEMBERS OF THE SENATE INTELLIGENCE COMMITTEE. "THE PRESIDENT SUPPORTS CASEY AND HAS COMPLETE CONFIDENCE IN HIM," ONE OFFICIAL SAID.

BUT ANOTHER OFFICIAL SAID THAT THE WHITE HOUSE UNDERSTOOD IT WOULD, IN THE END, HAVE TO BE SENSITIVE TO THE CONCERNS OF THE MEMBERS OF THE COMMITTEE AND THAT IT COULD ILL AFFORD TO DEFY GOLDWATER AND OTHERS IF THEIR VIEW REMAINED THAT CASEY SHOULD RESIGN.

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(CASEY EVIDENCE DELIVERED)

BY DANIEL F. GILMORE

WASHINGTON (UPI) -- ENBATTLED CIA DIRECTOR WILLIAM J. CASEY DELIVERED DOCUMENTARY EVIDENCE TO THE SENATE INTELLIGENCE COMMITTEE SUNDAY, HOPING TO RESOLVE THE CONTROVERSY OVER WHETHER HE SHOULD RESIGN.

THE DOCUMENTS WERE ACCOMPANIED BY A LETTER FROM THE CIA WHICH SAID CASEY WAS "RESPECTFULLY REQUESTING A COMMITTEE HEARING AS SOON AS POSSIBLE."

CASEY BEAT HIS SCHEDULE BY A DAY. THE COMMITTEE EXPECTED HIM TO RESPOND MONDAY WITH "ALL MATERIALS REQUESTED." IT ALSO EXPECTS TO RECEIVE ITS OWN STAFF REPORT TUESDAY ON THE DIRECTOR, WHO IS UNDER FIRE FOR HIS CHOICE OF MAX HUGEL AS CIA SPYMASTER AND QUESTIONS ABOUT HIS OWN PAST BUSINESS DEALS.

A CIA STATEMENT ACCOMPANIED THE MATERIAL SAID, "MR. CASEY SAID HE BELIEVED IT IS IN THE BEST INTERESTS OF THE COUNTRY THAT THIS MATTER BE HANDLED EXPEDITIOUSLY AND TO FACILITATE THAT HE WOULD BE PLEASED TO APPEAR PERSONALLY BEFORE THE COMMITTEE AND EXTEND HIS FULL COOPERATION ON ANY MATTERS INTO WHICH COMMITTEE MEMBERS MAY WISH TO INQUIRE."

CHAIRMAN BARRY GOLDWATER, R-ARIZ., AND RANKING DEMOCRATIC MEMBER DANIEL P. MOYNIHAN, D-N.Y., WERE TO MEET WITH THE STAFF TO EXAMINE IT. PICKUP 4TH GRAF: GOLDWATER HAS

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GOP support erodes for CIA chief Casey

By Jon Margolis
and John Maclean

Chicago Tribune Press Service

WASHINGTON — Republicans in the Senate pushed hard Friday for William Casey's immediate resignation as CIA director, as the White House edged away from earlier firm support for Casey by President Reagan.

Calling the charges against him "absolutely false," Casey showed no immediate signs of preparing to quit but he did pay an afternoon call on the White House.

One informed source said "the question is not if but when" Casey would resign, predicting that the 68-year-old Long Islander, a Wall Street lawyer, would quit.

Sen. Ted Stevens (R., Alaska), the assistant majority leader, and Sen. William Roth (R., Del.), a member of the Senate Intelligence Committee, both urged Casey to quit, echoing the statements made Thursday by Sen. Barry Goldwater (R., Ariz.), the Intelligence Committee chairman.

PERHAPS MOST significantly, Senate Majority Leader Howard Baker (R., Tenn.) called the Casey affair "a serious matter" and said, "I have great confidence in (Goldwater's) judgment and opinion."

At the White House senior presidential spokesman David Gergen said that "the Senate investigation should be completed before judgments are reached... we believe the process should go forward."

That statement differed substantially from Reagan's expression of confidence in Casey made earlier in the day as the President visited Capitol Hill. "I have not changed my mind about Bill Casey," said Reagan, who previously has given his embattled CIA director full support.

THE OBVIOUS anxiety, almost panic, on the part of the Republican senators for Casey's resignation indicated that the Senate investigation into Casey had turned up information which could be politically damaging to the Republican cause.

Stevens hinted at that possibility when he said that the probe had revealed "additional matters" which concerned the senators.

Sources close to the committee said the investigation has not come up with "a single smoking gun" but that the "entire atmosphere" of Casey's past business dealings was disturbing.

While Republicans were clamoring for Casey's immediate resignation, Democrats were hoping he would hang on for a while. Sen. Daniel Patrick Moynihan (D., N.Y.), ranking Democrat on the Intelligence Committee, said Casey "has a right to rebut the charges" against him at a committee meeting next week.

"THE ALLEGATIONS are grievous enough and if confirmed should be calamitous," Moynihan said, "but they have not been confirmed."

Democratic political operatives said they wanted Casey to remain in office until the investigative report was filed "to inflict the maximum possible damage."

A major CIA scandal would be a two-pronged setback to the Republicans and the Reagan administration. First, it would make it more difficult for the administration to strengthen the agency, only now recovering from the domestic spying scandals of the mid-1970s.

STEVENS ALLUDED to that when he questioned Casey's ability "to lead that agency back as we want it to be led back."

Second, any major wrongdoing revealed by one of Reagan's top campaign officials and one of his top appointments could be politically damaging.

If Casey does quit, several observers think he would be replaced by his top deputy, Adm. Bobby Lee Inman, who was Goldwater's first choice as director.

The investigation of Casey began after Max Hugel, his choice as chief of clandestine operations, was forced to resign because he was accused of illegal stock market manipulations in 1974.

SUBSEQUENTLY, THE Tribune reported that a judge in New York had determined that Casey himself had engaged in improper financial dealings 10 years ago by misleading investors in the New Orleans firm, Multiponics, Inc.

The Hugel appointment had been controversial from the beginning because the New Hampshire businessman had no experience in national security or intelligence matters.

2 More GOP Senators Want Casey to Quit; Reagan Praises Him

By Lou Cannon
and George Lardner Jr.
Washington Post Staff Writers

William J. Casey, the embattled director of the Central Intelligence Agency, vowed to fight for his job yesterday, but support for him was fading fast on Capitol Hill and within the administration itself.

Despite the mounting opposition, however, Casey had a powerful patron on his side. Late in the afternoon President Reagan told reporters that "we still have confidence" in the CIA director, who is the target of a Senate Intelligence Committee investigation into past financial practices.

Nonetheless, the administration has carefully laid the groundwork for a change in its position if the Senate committee comes up with a recommendation that Casey should go. White House spokesman David R. Gergen issued a statement yesterday pledging full cooperation with the Senate committee, but added: "Everyone recognizes that the conclusion of that committee may affect the climate on the Hill and the climate elsewhere."

Reagan declined to say whether the administration would necessarily abide by the committee's recommendations but said he would talk to the senators about whatever they recommend.

Other White House officials said they were concerned that Republican opposition to Casey could damage his effectiveness and make it difficult for him to continue as head of the CIA.

On Capitol Hill, two more leading Republican senators, Ted Stevens of Alaska and William V. Roth of Delaware, declared that Casey should resign. This development followed Sen. Barry Goldwater's announcement at a Thursday night press conference that he felt Casey should quit because of his appointment of Max Hugel as his clandestine service

chief. Hugel was forced to resign because of a financial scandal.

Goldwater (R-Ariz.) is chairman of the Senate Intelligence Committee. His announcement came as a shock to administration officials, who thought Goldwater was going to refute a television report that he had privately asked Casey to quit.

Yesterday, Senate Majority Whip Stevens and Roth, a member of the Senate Intelligence Committee, both told reporters in outspoken terms that Casey should resign.

"He should go — now," Roth said emphatically.

A member of the Senate defense appropriations subcommittee, Stevens said that panel, too, was "worried about the future of the agency if the director becomes the focal point of controversy at this time."

"It's my judgment that Barry doesn't make these recommendations lightly," Stevens added. "He has the interests of the agency at heart."

Roth said at a press conference that he felt strongly that Casey's effectiveness had been compromised already.

"The director of the CIA must be above suspicion, and to borrow a phrase from President Eisenhower, 'cleaner than a hound's tooth,'" Roth said. He said the Intelligence Committee's investigation into allegations involving Casey's pre-CIA business dealings was continuing, but he felt that Casey's credibility with the committee had been so damaged already "that I believe it is impossible for Mr. Casey to effectively discharge his duties."

The opposition of Stevens, who said that Casey should leave "for the good of the agency," shook White House officials. Stevens has a reputation at the White House as a tough-minded senator who rarely strays off the

party reservation, and his opposition was viewed as a signal that Casey is in deep trouble.

The growing criticism of Casey in Congress was laced with expressions of concern for the agency and repeated reminders of the delicate state of international affairs. What seemed to be bothering the senators was not any hard evidence of wrongdoing on Casey's part but lack of confidence in his judgment as head of the entire U.S. intelligence community.

"Everybody makes fun of him up here," said one well-attuned congressional source. "There's a feeling that he's got all those harebrained schemes that he's too willing to go along with. From time to time, CIA people will say, 'Wait till you hear what we had to talk him out of this time.'"

Opinion is more divided within the administration, but the same concerns have been raised there, too. One source was critical of Casey's "lack of contributions" at National Security Council meetings. Another thought that Casey was "getting a bum rap" but was puzzled at the depth of Senate opposition, which is taken seriously at the White House.

There is no desire at the White House for conflict with a GOP-controlled Senate that has supported Reagan's major legislative proposals.

"Before that happens, I'm sure the president will sit down with the senators and talk it over," an administration official said.

Reagan did not talk to either Casey or the Senate critics yesterday. That was left to White House chief of staff James A. Baker III, who is overseeing the administration strategy on Casey. White House counsel Fred Fielding is reading documents as they are submitted to the Senate committee, and Gergen said that, so far, "nothing has come to light which has changed our original evaluation."

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Casey used a private office in the Executive Office Building yesterday as he set about preparing his defense. Gergen said that to the best of his knowledge he did not meet with White House officials.

The CIA director spent much of his day making the rounds of Senate offices, seemingly determined to ride out the storm. But to reporters who tracked his moves he said little beyond advising them to "read my statement."

In it, he dismissed as "absolutely false" a report, aired by Goldwater Thursday night, that Casey might have made \$750,000 out of a now-defunct agribusiness called Multiponics instead of having lost money in the venture.

Casey said he believed materials that he plans to provide to the Intelligence Committee Monday "will lay this entire controversy to rest."

"We are cooperating with the committee and will continue to do so should additional questions be raised," the CIA director said.

He concluded the statement by saying he was looking forward "to a continued close and productive relationship with Sen. Goldwater" and other members of the House and

Senate Intelligence committees "as we work together in the months ahead."

One senator who asked not to be named said Casey sounded much less determined in a conversation yesterday. Asked if Casey was bent on staying in the job, this senator said, "I got the opposite feeling."

Senate Majority Leader Howard H. Baker Jr. (R-Tenn.) said yesterday morning that he had talked with Goldwater and "I want to back up Goldwater in whatever he decides to do . . . I am confident he will handle the matter appropriately."

Baker, who met with Casey later in the day, declined to say whether he thought Casey should resign.

Stevens was much less hesitant, pointedly telling reporters at one of his periodic press luncheons that "Mr. Casey would be wise to accept Mr. Goldwater's advice."

The Alaska Republican said he had talked with members of both parties on the Intelligence Committee and got "the firm impression that they have good reason" to want Casey out, "because of matters of

judgment more than anything else."

Roth called CIA deputy director Bobby R. Inman a "very well-qualified man" who could easily move up a notch: Casey should leave.

In fact, Inman was the first choice of Goldwater and most members of the House and Senate Intelligence committees before Reagan picked Casey last December.

United Press International reported last night that Goldwater has offered Fred Thompson, Republican counsel to the Senate Watergate Committee in 1973, the job of counsel to the Intelligence Committee for its Casey investigation. Thompson, described as a Nashville lawyer with close ties to Majority Leader Baker, was quoted as saying, "I hope to have a decision made by Monday."

Thompson also was counsel to the Senate Foreign Relations Committee this year for its background investigation of Alexander M. Haig Jr. to be secretary of state. Questions were raised about the nominee's role in the Watergate cover-up as then-president Nixon's chief of staff.

